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INTERNATIONAL ENTERTAINMENT CORPORATION

國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01009)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2012

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2012	Year ended 31 March 2011
Revenue (HK\$'000)	432,473	409,684
Profit attributable to owners of the Company (HK\$'000)	60,074	762,197
Earnings per share – Basic (HK\$)	0.05	0.65

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012.

RESULTS

The board of directors (the “Board”) of International Entertainment Corporation (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2012, together with the comparative figures for the year ended 31 March 2011, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	<i>Notes</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue	3	432,473	409,684
Cost of sales		(212,954)	(208,030)
Gross profit		219,519	201,654
Other income	5	93,540	30,285
Other gain and loss		(18,601)	4,002
Change in fair value of conversion option derivative		–	60,000
Change in fair value of financial assets at fair value through profit or loss		(21,639)	(3,171)
Gain on disposal of a subsidiary		–	657,873
Selling and distribution costs		(5,551)	(5,366)
General and administrative expenses		(149,939)	(125,033)
Share of profit of an associate		–	21,272
Finance costs	6	–	(24,957)
Profit before taxation	7	117,329	816,559
Income tax credit (charge)	8	2,978	(510)
Profit for the year		120,307	816,049
Profit for the year attributable to owners of the Company		60,074	762,197
Profit for the year attributable to non-controlling interests		60,233	53,852
		120,307	816,049
Earnings per share	10		
Basic		HK\$0.05	HK\$0.65
Diluted		N/A	HK\$0.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit for the year	<u>120,307</u>	<u>816,049</u>
Other comprehensive income and expenses		
Exchange differences arising on translation	31,786	85,920
Reclassification adjustment on exchange differences on disposal of a subsidiary	–	(1,653)
Reclassification adjustment upon disposal on available-for-sale financial assets	–	(2,242)
Fair value change in available-for-sale financial assets	–	<u>(2,371)</u>
Other comprehensive income for the year	<u>31,786</u>	<u>79,654</u>
Total comprehensive income for the year	<u>152,093</u>	<u>895,703</u>
Total comprehensive income attributable to:		
Owners of the Company	86,497	804,021
Non-controlling interests	<u>65,596</u>	<u>91,682</u>
	<u>152,093</u>	<u>895,703</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2012

	<i>Notes</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		516,365	547,607
Investment properties		948,956	1,065,538
Financial assets at fair value through profit or loss		67,337	95,339
Other assets		1,463	6,631
		1,534,121	1,715,115
Current assets			
Inventories		2,871	2,647
Held-to-maturity investments		–	15,485
Loan receivable		73,916	–
Trade receivables	<i>11</i>	70,254	39,942
Other receivables, deposits and prepayments	<i>11</i>	33,643	28,289
Bank balances and cash		1,300,189	2,182,155
		1,480,873	2,268,518
Current liabilities			
Trade payables	<i>12</i>	6,045	6,967
Other payables and accrued charges	<i>12</i>	54,190	288,624
Tax liabilities		–	1,000
Promissory notes		132,008	132,008
		192,243	428,599
Net current assets		1,288,630	1,839,919
Total assets less current liabilities		2,822,751	3,555,034

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Capital and reserves		
Share capital	1,179,157	1,179,157
Share premium and reserves	611,255	1,409,126
	<hr/>	<hr/>
Equity attributable to owners of the Company	1,790,412	2,588,283
Non-controlling interests	911,127	845,531
	<hr/>	<hr/>
Total equity	2,701,539	3,433,814
	<hr/>	<hr/>
Non-current liabilities		
Deferred tax liabilities	118,561	119,793
Other liabilities	2,651	1,427
	<hr/>	<hr/>
	121,212	121,220
	<hr/>	<hr/>
	2,822,751	3,555,034
	<hr/>	<hr/>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The functional currency of the Company is Philippine Peso (“Peso”), the currency of the primary economic environment in which the Company’s major subsidiaries operate. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) as the directors of the Company (the “Directors”) consider that it is an appropriate presentation for a company listed in Hong Kong and for the convenience of the shareholders of the Company (the “Shareholders”).

2. PRINCIPAL ACCOUNTING POLICIES AND APPLICATION OF NEW AND REVISED HKFRSs

Except as described below, the accounting policies used in the preparation of the consolidated financial statements of the Group are consistently applied.

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

The application of these new and revised HKFRSs in current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle ²
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets ¹
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities ²
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures ³
HKFRS 9	Financial instruments ³
HKFRS 10	Consolidated financial statements ²
HKFRS 11	Joint arrangements ²
HKFRS 12	Disclosure of interests in other entities ²
HKFRS 13	Fair value measurement ²
HKAS 1 (Amendments)	Presentation of items of other comprehensive income ⁵
HKAS 12 (Amendments)	Deferred tax – Recovery of underlying assets ⁴
HKAS 19 (as revised in 2011)	Employee benefits ²
HKAS 27 (as revised in 2011)	Separate financial statements ²
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ²
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities ⁶
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine ²

- ¹ Effective for annual periods beginning on or after 1 July 2011.
- ² Effective for annual periods beginning on or after 1 January 2013.
- ³ Effective for annual periods beginning on or after 1 January 2015.
- ⁴ Effective for annual periods beginning on or after 1 January 2012.
- ⁵ Effective for annual periods beginning on or after 1 July 2012.
- ⁶ Effective for annual periods beginning on or after 1 January 2014.

Amendments to HKAS 1 – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The application of other new and revised standards, amendments or interpretations issued but not yet effective is not expected to have material impact on the consolidated financial statements.

3. REVENUE

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
The Group's revenue comprises:		
Hotel		
Room revenue	86,800	82,050
Food and beverages	48,072	46,060
Other hotel service income	6,575	6,343
	141,447	134,453
Leasing of investment properties equipped with entertainment equipment	291,026	275,231
	432,473	409,684

4. SEGMENT INFORMATION

The executive Directors are the chief operating decision maker ("CODM"). The Group is principally operating in two types of operating divisions. Information reported to CODM for the purposes of resources allocation and assessment of segment performance focuses on each principal operating division. The Group's operating segments under HKFRS 8 are therefore as follows:

- (i) Hotel – Operation of hotel business; and
- (ii) Leasing – Leasing of investment properties equipped with entertainment equipment.

Information regarding the above segments is presented below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 31 March 2012

	Hotel <i>HK\$'000</i>	Leasing <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE					
External sales	141,447	291,026	432,473	–	432,473
Inter-segment sales	442	691	1,133	(1,133)	–
Total	<u>141,889</u>	<u>291,717</u>	<u>433,606</u>	<u>(1,133)</u>	<u>432,473</u>
RESULTS					
Segment (loss) profit	<u>(1,726)</u>	<u>107,992</u>	<u>106,266</u>		106,266
Unallocated other income					71,504
Other gain and loss					(18,601)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")					(21,639)
Unallocated expenses					(18,223)
Unallocated income tax credit					<u>1,000</u>
Profit for the year					<u>120,307</u>

For the year ended 31 March 2011

	Hotel <i>HK\$'000</i>	Leasing <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE					
External sales	134,453	275,231	409,684	–	409,684
Inter-segment sales	355	668	1,023	(1,023)	–
Total	<u>134,808</u>	<u>275,899</u>	<u>410,707</u>	<u>(1,023)</u>	<u>409,684</u>
RESULTS					
Segment (loss) profit	<u>(5,984)</u>	<u>102,537</u>	<u>96,553</u>		96,553
Unallocated other income					21,095
Other gain and loss					4,002
Change in fair value of conversion option derivative					60,000
Change in fair value of financial assets at FVTPL					(3,171)
Gain on disposal of a subsidiary					657,873
Unallocated expenses					(16,618)
Share of profit of an associate					21,272
Finance costs					<u>(24,957)</u>
Profit for the year					<u>816,049</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by or loss from each segment without allocation of unallocated expenses (including corporate expenses), other gain and loss, gain on disposal of a subsidiary, share of profit of an associate, change in fair value of conversion option derivative, change in fair value of financial assets at FVTPL, unallocated other income (i.e. investment income), finance costs and unallocated income tax credit. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

At 31 March 2012

	Hotel <i>HK\$'000</i>	Leasing <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS			
Segment assets	593,973	1,684,022	2,277,995
Unallocated assets			
Bank balances and cash			588,012
Financial assets at FVTPL			67,337
Loan receivable			73,916
Others			7,734
			<hr/>
Consolidated total assets			3,014,994
LIABILITIES			
Segment liabilities	73,437	89,432	162,869
Unallocated liabilities			
Promissory notes			132,008
Contingent consideration			16,600
Others			1,978
			<hr/>
Consolidated total liabilities			313,455

At 31 March 2011

	Hotel <i>HK\$'000</i>	Leasing <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS			
Segment assets	594,456	1,557,108	2,151,564
Unallocated assets			
Bank balances and cash			1,713,830
Financial assets at FVTPL			95,339
Held-to-maturity investments			15,485
Others			7,415
			<hr/>
Consolidated total assets			3,983,633
LIABILITIES			
Segment liabilities	75,141	81,361	156,502
Unallocated liabilities			
Promissory notes			132,008
Contingent consideration			16,600
Cash consideration refundable to purchaser			240,397
Others			4,312
			<hr/>
Consolidated total liabilities			549,819

For the purposes of assessing segment performances and allocating resources between segments:

- all assets are allocated to operating segments, other than unallocated assets (including plant and equipment for corporate use, held-to-maturity investments, financial assets at FVTPL, loan receivable, other receivables, deposits and prepayments for the corporate, and bank balances and cash for the corporate).
- all liabilities are allocated to operating segments, other than unallocated liabilities (including corporate tax liabilities, promissory notes, and other payables and accrued charges for the corporate).

Other segment information

For the year ended 31 March 2012

	Hotel HK\$'000	Leasing HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment and investment properties	1,942	18,087	20,029	48	20,077
Loss on disposal of property, plant and equipment	-	-	-	8	8
Allowance (reversal of allowance) for bad and doubtful debts for trade and other receivables	171	-	171	(76)	95
Allowance for other assets	-	3,988	3,988	-	3,988
Depreciation	30,517	145,548	176,065	489	176,554
Interest income	3,572	18,464	22,036	68,694	90,730
Income tax credit (charge)	2,029	(51)	1,978	1,000	2,978
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the year ended 31 March 2011

	Hotel HK\$'000	Leasing HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment and investment properties	6,684	32,019	38,703	970	39,673
Gain on disposal of property, plant and equipment	-	-	-	(1)	(1)
Reversal of allowance for bad and doubtful debts for trade and other receivables	(36)	-	(36)	(256)	(292)
Depreciation	35,795	138,033	173,828	375	174,203
Interest income	1,737	7,454	9,191	14,512	23,703
Income tax credit (charge)	1,342	(1,852)	(510)	-	(510)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Geographical segments

The Group's operations are mainly located in the Republic of the Philippines (the "Philippines").

All of the Group's revenue is generated from external customers in the Philippines. As at 31 March 2012 and 2011, the non-current assets excluded financial instruments were mainly located in the Philippines.

Revenue from major services

The analysis of the Group's revenue from its major services is disclosed in note 3.

Information about major customer

Included in the revenue generated from hotel segment and leasing segment of approximately HK\$2,144,000 (2011: HK\$2,625,000) and HK\$291,026,000 (2011: HK\$275,231,000) respectively were contributed by a single customer and the aggregate revenue from this customer represented approximately 68% (2011: 68%) of the total revenue of the Group. There is no other customer contributing over 10% of the Group's total revenue.

5. OTHER INCOME

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest income	26,196	14,310
Interest income from financial assets at FVTPL	9,165	8,025
Interest income from held-to-maturity investments	891	1,368
Interest income from loans receivables	54,478	–
Dividend income from financial assets at FVTPL	2,027	780
Dividend income from available-for-sale financial assets	–	2,854
Gain on disposal of available-for-sale financial assets	–	2,242
Sundry income	783	706
	<u>93,540</u>	<u>30,285</u>

Included above is income from listed investments of approximately HK\$12,083,000 (2011: HK\$15,269,000).

6. FINANCE COSTS

Finance costs for the year ended 31 March 2011 represent effective interest expense on convertible note.

7. PROFIT BEFORE TAXATION

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Allowance (reversal of allowance) for bad and doubtful debts for trade and other receivables	95	(292)
Allowance for other assets	3,988	–
Auditor's remuneration	1,600	1,580
Cost of inventories recognised as an expense	14,831	13,713
Depreciation of property, plant and equipment	53,312	55,139
Depreciation of investment properties	123,242	119,064
Loss (gain) on disposal of property, plant and equipment	8	(1)
Net foreign exchange loss (gain) (included in other gain and loss)	18,601	(4,002)
Rental expenses under operating leases on premises and land	6,655	6,984
Gross revenue from leasing of investment properties equipped with entertainment equipment	(291,026)	(275,231)
Less: Direct operating expenses that generated revenue from leasing of investment properties equipped with entertainment equipment (<i>Note</i>)	197,459	178,296
	(93,567)	(96,935)
Staff costs, including Directors' emoluments		
– salaries and allowances	53,130	49,524
– retirement benefits schemes contributions	1,305	451
	54,435	49,975

Note: Amount mainly represents depreciation of leased properties and entertainment equipment.

8. INCOME TAX CREDIT (CHARGE)

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current tax:		
Overprovision in prior years		
Hong Kong	1,000	–
Deferred taxation		
Current year	1,978	(510)
	2,978	(510)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as the Group's operations in Hong Kong had no assessable profits for both years.

No provision for taxation in other jurisdictions was made in the consolidated financial statements for both years as the Group's operations outside Hong Kong either had no assessable profits or were exempted from profits tax in respective jurisdictions.

A subsidiary of the Company operating in the Philippines as lessor had entered into a lease agreement (the “Lease Agreement”) with Philippine Amusement and Gaming Corporation (“PAGCOR”), a company solely owned by the Philippine government, as lessee, rendering the rental income received or receivable by such subsidiary from PAGCOR after expenses being exempted from the Philippine corporate income tax. In addition, according to the Lease Agreement, if such subsidiary is required to make any payment of the Philippine corporate income tax in relation to any rental income received or receivable from PAGCOR after expenses, PAGCOR shall indemnify such subsidiary in respect of such payment or liability, together with any interest, penalties and expenses payable or incurred in connection therewith. On 29 February 2012, Bureau of Internal Revenue in the Philippines (“BIR”) issued a formal letter of demand to such subsidiary for the deficiency taxes covering the taxable year of 2008 amounting to approximately Peso 807,000,000 (equivalent to approximately HK\$145,518,000). The deficiency taxes arose mainly from the imposition of income tax inclusive of penalties and interest on the rental income of such subsidiary from the lease of gaming premises to PAGCOR in accordance with the Lease Agreement. On 29 March 2012, such subsidiary filed a protest with BIR on the ground that such subsidiary is exempt from corporate income tax pursuant to Section 13(2) of the Presidential Decree No. 1869, as amended. The independent legal adviser of such subsidiary has advised and the Directors believe that the tax dispute is at a preliminary stage and the ultimate outcome of the matter cannot presently be determined. Accordingly, no provision is made in the consolidated financial statements.

The corporate income tax rate in the Philippines is 30% for both years.

9. DIVIDENDS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Dividends recognised as distribution to owners of the Company during the year:		
Interim dividend for 2012 – nil (2011: Interim dividend for 2011 – HK\$0.50 per share)	–	589,579
Final dividend for 2011 – HK\$0.14 per share (2011: Final dividend for 2010 – nil)	165,082	–
Special dividend for 2011 – HK\$0.61 per share (2011: Special dividend for 2010 – nil)	719,286	–
	<u>884,368</u>	<u>589,579</u>

The Board does not recommend the payment of a final dividend for the year ended 31 March 2012 (2011: final dividend of HK\$0.14 per share and special dividend of HK\$0.61 per share).

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	60,074	762,197
Effect of dilutive potential ordinary shares in respect of convertible note:		
– Change in fair value of conversion option derivative		(60,000)
– Effective interest expense		24,957
Earnings for the purpose of diluted earnings per share		727,154

	2012 <i>In thousand</i>	2011 <i>In thousand</i>
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	1,179,157	1,179,157
Effect of dilutive potential ordinary shares from convertible note		104,110
Weighted average number of ordinary shares for the purpose of diluted earnings per share		1,283,267

For the year ended 31 March 2012, no diluted earnings per share has been presented as there were no potential ordinary shares in issue during the year.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade receivables	70,512	40,037
Less: Allowance for doubtful debts for trade receivables	(258)	(95)
	70,254	39,942
Other receivables, deposits and prepayments	35,141	31,193
Less: Allowance for doubtful debts for other receivables	(1,498)	(2,904)
	33,643	28,289
Total trade receivables, other receivables, deposits and prepayments	103,897	68,231

The average credit terms for trade receivables granted by the Group range from 0 to 90 days. A longer period is granted to customers with whom the Group has a good business relationship and which are in sound financial condition.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Aged:		
0–30 days	28,334	34,261
31–60 days	114	3,957
61–90 days	45	1,068
Over 90 days	41,761	656
	<u>70,254</u>	<u>39,942</u>

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

Trade payables, other payables and accrued charges comprise amounts outstanding for the purchase, ongoing costs, contingent consideration and refundable consideration for disposal of a subsidiary.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Aged:		
0–30 days	2,975	4,580
31–60 days	631	–
Over 90 days	2,439	2,387
	<u>6,045</u>	<u>6,967</u>

The average credit period on purchase of goods is 90 days.

At 31 March 2011, other payables and accrued charges included an amount of approximately HK\$240,397,000 which represented the cash consideration refundable to the purchaser in respect of the disposal of a subsidiary. The amount was fully refunded to the purchaser in the year ended 31 March 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's revenue for the year ended 31 March 2012 was approximately HK\$432.5 million, representing an increase of approximately 5.6%, as compared with approximately HK\$409.7 million in the last year. Both the revenue from the hotel operations and the leasing of properties for the year increased as compared with the last year. The Group reported a gross profit of approximately HK\$219.5 million for the year under review, representing an increase of approximately 8.8%, as compared with approximately HK\$201.7 million in the last year. Both the hotel operations and the leasing of properties contributed to the increase in gross profit for the year.

Other income of the Group for the year ended 31 March 2012 was approximately HK\$93.5 million, representing an increase of approximately 208.6%, as compared with approximately HK\$30.3 million in the last year. The increase was mainly due to the increase in interest income from loan receivables during the year.

The Group recorded a loss of approximately HK\$21.6 million on change in fair value of financial assets at fair value through profit or loss for the year ended 31 March 2012, representing an increase of approximately 575.0%, as compared with approximately HK\$3.2 million in the last year.

Other gain and loss of the Group represented the net foreign exchange gain or loss recognised during the year under review. The Group recorded a net foreign exchange loss of approximately HK\$18.6 million for the year ended 31 March 2012, while it has a net foreign exchange gain of approximately HK\$4.0 million for the last year.

Selling and distribution costs, and general and administrative expenses of the Group increased by approximately 19.2% to approximately HK\$155.5 million for the year ended 31 March 2012 from approximately HK\$130.4 million in the last year.

The Group did not record any gain or loss on change in fair value of conversion option derivative and finance costs during the year ended 31 March 2012 as the convertible note was fully repaid during the year ended 31 March 2011. The gain on change in fair value of conversion option derivative and finance costs for the year ended 31 March 2011 were approximately HK\$60.0 million and HK\$25.0 million respectively.

The Group did not record any gain on disposal of a subsidiary or share of profit from an associated company during the year ended 31 March 2012. Gain on disposal of a subsidiary and share of profit from an associated company for the year ended 31 March 2011 were approximately HK\$657.9 million and HK\$21.3 million respectively.

The Group recorded a profit for the year ended 31 March 2012, amounted to approximately HK\$120.3 million, representing a decrease of approximately 85.3%, as compared with approximately HK\$816.0 million in the last year. The decrease in profit for the year was mainly due to the one-off significant gain on disposal of a subsidiary and a gain on change in fair value of conversion option derivative recorded in the year ended 31 March 2011.

Business Review

The principal activities of the Group are hotel operations, and leasing of properties for casino and ancillary leisure and entertainment operations.

1. Leasing of properties

The revenue derived from the leasing of properties for the year ended 31 March 2012 was approximately HK\$291.0 million, representing an increase of approximately 5.7%, as compared with approximately HK\$275.2 million in the last year. It contributed approximately 67.3% of the Group's total revenue during the year under review. In the last year, it contributed approximately 67.2% of the Group's total revenue.

2. Hotel operations

The revenue derived from the hotel operations mainly includes room revenue, revenue from food and beverages and other hotel service income. The revenue derived from the hotel operations for the year ended 31 March 2012 was approximately HK\$141.4 million, representing an increase of approximately 5.1%, as compared with approximately HK\$134.5 million in the last year. The increase was mainly due to the increase in average room rate and the occupancy rate during the year.

FUTURE OUTLOOK

The Group will continue to focus on its existing hotel operations, and the leasing of properties for casino and ancillary leisure and entertainment operations in the Philippines, and will also strive to seek other business opportunities for better return to the Shareholders. In addition, the Directors will continue to review the Group's financial structure and the composition of its assets and liabilities periodically. The Directors consider that the existing hotel operations and the leasing of properties in the Philippines will continue to contribute significantly towards the Group's revenue and results.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2012, the Group's net current assets amounted to approximately HK\$1,288.6 million (as at 31 March 2011: approximately HK\$1,839.9 million). Current assets amounted to approximately HK\$1,480.9 million (as at 31 March 2011: approximately HK\$2,268.5 million), of which approximately HK\$1,300.2 million (as at 31 March 2011: approximately HK\$2,182.2 million) was cash and bank deposits, approximately HK\$70.3 million (as at 31 March 2011: approximately HK\$39.9 million) was trade receivables, approximately HK\$33.6 million (as at 31 March 2011: approximately HK\$28.3 million) was other receivables, deposits and prepayments, approximately HK\$73.9 million (as at 31 March 2011: nil) was loan receivable, and approximately HK\$2.9 million (as at 31 March 2011: approximately HK\$2.6 million) was inventories.

The Group had current liabilities amounted to approximately HK\$192.2 million (as at 31 March 2011: approximately HK\$428.6 million), of which approximately HK\$6.0 million (as at 31 March 2011: approximately HK\$7.0 million) was trade payables, approximately HK\$54.2 million (as at 31 March 2011: approximately HK\$288.6 million) was other payables and accrued charges, and approximately HK\$132.0 million (as at 31 March 2011: approximately HK\$132.0 million) was the amounts owing under the promissory notes.

The promissory notes amounted to approximately HK\$132.0 million (as at 31 March 2011: approximately HK\$132.0 million) were denominated in Hong Kong Dollar. The amounts were unsecured, interest-free and repayable on demand.

The gearing ratio, measured in terms of total borrowings divided by total assets, was approximately 4.4% as at 31 March 2012, compared to approximately 3.3% as at 31 March 2011.

The Group financed its operations generally with internally generated cash flows.

CHARGES ON GROUP ASSETS

As at 31 March 2012 and 31 March 2011, the Group did not have any charges on any Group's assets.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 2 September 2011, the Company, through its subsidiary, participated in the provision of a credit facility (the "Facility") made available to Neo Summit Limited (the "Borrower") pursuant to the credit agreement dated 5 August 2011 entered into between the Borrower and Deutsche Bank AG, London Branch in the principal amount of US\$30.0 million (equivalent to approximately HK\$234.0 million) (the "Participation"), which carries interest at 35% per annum and is repayable within twelve months from the date of drawdown of the Facility. During the year ended 31 March 2012, the Group received repayments of approximately US\$20.5 million (equivalent to approximately HK\$160.1 million). Details of the Participation are set out in the announcement of the Company dated 2 September 2011.

Save as disclosed above, there was no other acquisition or disposal of subsidiary and associated company or significant investments of the Group, which would have been required to be disclosed under the Listing Rules, for the year ended 31 March 2012.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to explore the market and identify any business opportunities which may provide its growth and development potential, enhance the profitability, and strive for better return to the Shareholders.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

As at 31 March 2012, the Group's assets and liabilities were mainly denominated in HK\$, United States Dollar ("US\$") and Peso. The Group primarily earns its revenue and income in HK\$, US\$ and Peso while the Group primarily incurs costs and expenses mainly in HK\$ and Peso. The Group has not implemented any formal hedging policy. However, the management of the Group would monitor foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 March 2012 and 31 March 2011, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group was 335 as at 31 March 2012 (as at 31 March 2011: 324). The staff costs for the year ended 31 March 2012 was approximately HK\$54.4 million (for the year ended 31 March 2011: approximately HK\$50.0 million). The remuneration of the Directors and the employees of the Group was based on the performance and experience of individuals and was determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, the employees of the Group are entitled to benefits including medical scheme, insurance and retirement benefits schemes.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results for the year ended 31 March 2012.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2012, consolidated income statement, consolidated statement of comprehensive income and related notes thereto for the year ended 31 March 2012 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 March 2012, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”), which has been renamed as Corporate Governance Code with effect from 1 April 2012, as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing which his duly appointed delegate, to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders’ approval.

The chairman of the Board had not attended the annual general meeting of the Company held on 22 August 2011 as he had another business engagement at the time of such meeting. One of the executive Directors was elected as the chairman of the aforesaid annual general meeting of the Company and responded to the questions raised by the Shareholders. The management of the Group considers that the Board has endeavored to maintain an on-going dialogue with the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the “Code on Securities Transactions”), the standard of which is no less than the required standard provided in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”).

The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the required standard provided in the Model Code and the Code on Securities Transactions throughout the year ended 31 March 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
International Entertainment Corporation
Dr. Cheng Kar Shun
Chairman

Hong Kong, 21 June 2012

As at the date of this announcement, the Board comprises seven executive Directors, namely Dr. Cheng Kar Shun, Mr. Lo Lin Shing, Simon, Mr. To Hin Tsun, Gerald, Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Kam Bui, Wilson, Mr. Cheng Chi Kong and Mr. Cheng Chi Him, and four independent non-executive Directors, namely Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William JP.