INTERNATIONAL ENTERTAINMENT CORPORATION
國 際 娛 樂 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1009)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2011 DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

Financial Highlights

	Year ended 31 March 2011	Year ended 31 March 2010
Revenue from continuing operations (HK$'000)	**409,684**	425,169
Profit attributable to owners of the Company (HK$'000)	**762,197**	275,660
Earnings per share – Basic (HK$)	**0.65**	0.23

Final dividend and special dividend per share proposed is HK$0.75 (2010: nil) in total. This together with the interim dividend of HK$0.50 per share gives a total of HK$1.25 (2010: nil) per share for the year.

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 2011, together with the comparative figures for the year ended 31 March 2010, as follows:

Consolidated Income Statement

For the year ended 31 March 2011

	Notes	**2011 HK$'000**	2010 HK$'000
Continuing operations			
Revenue	*3*	**409,684**	425,169
Cost of sales		**(208,030)**	(226,413)
Gross profit		**201,654**	198,756
Other income	*5*	**30,285**	38,512
Other gain and loss		**4,002**	(26,219)
Change in fair value of conversion option derivative		**60,000**	8,000
Change in fair value of financial assets at fair value through profit or loss		**(3,171)**	–
Gain on disposal of a subsidiary		**657,873**	–
Selling and distribution costs		**(5,366)**	(4,628)
General and administrative expenses		**(125,033)**	(114,388)
Share of profit of an associate		**21,272**	248,221
Finance costs	*6*	**(24,957)**	(44,825)
Profit before taxation	*7*	**816,559**	303,429
Income tax (charge) credit	*8*	**(510)**	661
Profit for the year from continuing operations		**816,049**	304,090
Discontinued operations			
Profit for the year from discontinued operations		**–**	37,992
Profit for the year		**816,049**	342,082
Profit for the year attributable to:			
Owners of the Company			
– profit for the year from continuing operations		**762,197**	237,668
– profit for the year from discontinued operations		**–**	37,992
Profit for the year attributable to owners of the Company		**762,197**	275,660
Non-controlling interests			
– profit for the year from continuing operations		**53,852**	66,422
– profit for the year from discontinued operations		**–**	–
Profit for the year attributable to non-controlling interests		**53,852**	66,422
		816,049	342,082
Earnings per share	*10*		
From continuing and discontinued operations			
Basic		**HK$0.65**	HK$0.23
Diluted		**HK$0.57**	HK$0.23
From continuing operations			
Basic		**HK$0.65**	HK$0.20
Diluted		**HK$0.57**	HK$0.20

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	2011	2010
	HK$'000	HK$'000
Profit for the year	**816,049**	342,082
Other comprehensive income and expenses		
Exchange differences arising on translation	**85,920**	155,989
Reclassification adjustment on exchange differences on deconsolidation of subsidiaries	**–**	(1,132)
Reclassification adjustment on exchange differences on disposal of a subsidiary	**(1,653)**	–
Reclassification adjustment upon disposal of available-for-sale financial assets	**(2,242)**	–
Fair value change in available-for-sale financial assets	**(2,371)**	5,142
Other comprehensive income for the year	**79,654**	159,999
Total comprehensive income for the year	**895,703**	502,081
Total comprehensive income attributable to:		
Owners of the Company	**804,021**	385,391
Non-controlling interests	**91,682**	116,690
	895,703	502,081

Consolidated Statement of Financial Position

At 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**547,607**	541,067
Investment properties		**1,065,538**	1,133,308
Investment in an associate		**–**	789,547
Held-to-maturity investments		**–**	15,365
Financial assets at fair value through profit or loss		**95,339**	–
Other assets		**6,631**	6,401
		1,715,115	2,485,688
Current assets			
Inventories		**2,647**	3,001
Available-for-sale financial assets		**–**	8,093
Held-to-maturity investments		**15,485**	–
Trade receivables	*11*	**39,942**	33,218
Other receivables, deposits and prepayments	*11*	**28,289**	23,685
Amount due from an associate		**–**	87,907
Bank balances and cash		**2,182,155**	1,279,074
		2,268,518	1,434,978
Current liabilities			
Trade payables	*12*	**6,967**	5,304
Other payables and accrued charges	*12*	**288,624**	27,647
Tax liabilities		**1,000**	1,000
Promissory notes		**132,008**	205,185
Conversion option derivative		**–**	60,000
Convertible note		**–**	379,010
		428,599	678,146
Net current assets		**1,839,919**	756,832
Total assets less current liabilities		**3,555,034**	3,242,520

	2011 HK$'000	2010 HK$'000
Capital and reserves		
Share capital	**1,179,157**	1,179,157
Share premium and reserves	**1,409,126**	1,194,684
Equity attributable to owners of the Company	**2,588,283**	2,373,841
Non-controlling interests	**845,531**	753,849
Total equity	**3,433,814**	3,127,690
Non-current liabilities		
Deferred tax liabilities	**119,793**	113,801
Other liabilities	**1,427**	1,029
	121,220	114,830
	3,555,034	3,242,520

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 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.

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 are consistently applied.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss represent financial assets designated as at fair value through profit or loss on initial recognition.

A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

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.

HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendment)	Eligible hedged items
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

The Group applies HKFRS 3 (as revised in 2008) "Business combinations" prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (as revised in 2008) "Consolidated and separate financial statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

During the year ended 31 March 2011, the Group has disposed of its entire controlling interest in a subsidiary which was not impacted by HKAS 27 (as revised in 2008). The application of HKFRS 3 (as revised in 2008), HKAS 27 (as revised in 2008) and the consequential amendments to other HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (as revised in 2008), HKAS 27 (as revised in 2008) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements of the Group 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.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[2]
HKFRS 9	Financial instruments[3]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[4]
HKAS 24 (as revised in 2009)	Related party disclosures[5]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[5]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[6]

[1] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.*
[2] *Effective for annual periods beginning on or after 1 July 2011.*
[3] *Effective for annual periods beginning on or after 1 January 2013.*
[4] *Effective for annual periods beginning on or after 1 January 2012.*
[5] *Effective for annual periods beginning on or after 1 January 2011.*
[6] *Effective for annual periods beginning on or after 1 July 2010.*

HKFRS 9 "Financial instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the financial year ending 31 March 2014. Based on the Group's financial assets and liabilities as at 31 March 2011, the Directors anticipate that the application of the new standard may affect the classification and measurement of the Group's financial assets at fair value through profit or loss.

The application of the 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

	2011	2010
	HK$'000	HK$'000
The Group's revenue from continuing operations comprises:		
Hotel		
Room revenue	**82,050**	74,278
Food and beverages	**46,060**	44,076
Other hotel service income	**6,343**	6,562
	134,453	124,916
Leasing of investment properties equipped with entertainment equipment	**275,231**	300,253
	409,684	425,169

4. Segment Information

The Board is the chief operating decision maker. The Group is principally operating in two types of operating divisions. Information reported to the chief operating decision maker 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

(ii) Leasing – Leasing of investment properties equipped with entertainment equipment

The entertainment business carrying the production and licensing of theatrical motion pictures in a variety of genres and investments in production of television series, music concerts and sales of music records was discontinued with effect from 19 March 2010. Since the operations of entertainment business had continuous losses in the past several years, the chief operating decision maker has not reviewed those operations for the purposes of resources allocation and performance assessment.

Information regarding the above segments is presented below.

Segment revenue and results

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

For the year ended 31 March 2011

	Continuing operations				
	Hotel HK$'000	**Leasing HK$'000**	**Reportable segment total HK$'000**	**Elimination HK$'000**	**Total HK$'000**
REVENUE					
External sales	**134,453**	**275,231**	**409,684**	**–**	**409,684**
Inter-segment sales	**355**	**668**	**1,023**	**(1,023)**	**–**
Total	**134,808**	**275,899**	**410,707**	**(1,023)**	**409,684**
RESULTS					
Segment (loss) profit	**(5,984)**	**102,537**	**96,553**	**–**	**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 fair value through profit or loss					**(3,171)**
Gain on disposal of a subsidiary					**657,873**
Unallocated expenses					**(16,618)**
Share of profit of an associate					**21,272**
Finance costs					**(24,957)**
Profit for the year					**816,049**

For the year ended 31 March 2010

	Continuing operations				
	Hotel HK$'000	Leasing HK$'000	Reportable segment total HK$'000	Elimination HK$'000	Total HK$'000
REVENUE					
External sales	124,916	300,253	425,169	–	425,169
Inter-segment sales	638	629	1,267	(1,267)	–
Total	125,554	300,882	426,436	(1,267)	425,169
RESULTS					
Segment (loss) profit	(28,778)	135,181	106,403	–	106,403
Unallocated other income					27,438
Other gain and loss					(26,219)
Change in fair value of conversion option derivative					8,000
Unallocated expenses					(14,928)
Share of profit of an associate					248,221
Finance costs					(44,825)
Profit for the year					304,090

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 fair value through profit or loss, unallocated other income (i.e. investment income) and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

At 31 March 2011

	Hotel HK$'000	**Leasing HK$'000**	**Consolidated HK$'000**
ASSETS			
Segment assets	**594,456**	**1,557,108**	**2,151,564**
Unallocated assets			**1,832,069**
Consolidated total assets			**3,983,633**
LIABILITIES			
Segment liabilities	**75,141**	**81,361**	**156,502**
Unallocated liabilities			**393,317**
Consolidated total liabilities			**549,819**

At 31 March 2010

	Hotel HK$'000	Leasing HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	572,211	1,529,744	2,101,955
Investment in an associate			789,547
Unallocated assets			1,029,164
Consolidated total assets			3,920,666
LIABILITIES			
Segment liabilities	69,481	75,206	144,687
Unallocated liabilities			648,289
Consolidated total liabilities			792,976

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

- all assets are allocated to operating segments, other than assets related to discontinued operations, investment in an associate and unallocated assets (including plant and equipment for corporate use, held-to-maturity investments, financial assets at fair value through profit or loss, available-for-sale financial assets, other receivables, deposits and prepayments for the corporate, amount due from an associate, and bank balances and cash for the corporate).

- all liabilities are allocated to operating segments, other than liabilities related to discontinued operations and unallocated liabilities (including corporate tax liabilities, promissory notes, conversion option derivative, convertible note, and other payables and accrued charges for the corporate).

Other segment information

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)**

For the year ended 31 March 2010

	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	2,984	20,660	23,644	–	23,644
Allowance for bad and doubtful debts for trade and other receivables	136	–	136	–	136
Depreciation	58,117	139,019	197,136	141	197,277
Interest income	921	10,153	11,074	26,086	37,160
Income tax credit	452	209	661	–	661

Geographical segments

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

All of the Group's revenue from continuing operations is generated from external customers in the Philippines. As at 31 March 2011, the non-current assets excluded financial instruments which were mainly located in the Philippines. As at 31 March 2010, the non-current assets excluded financial instruments which were mainly located in the Philippines and investment in an associate was located in Macau.

Revenue from major services

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

Information about major customer

Included in the revenue generated from hotel segment and leasing segment of approximately HK$2,625,000 (2010: HK$5,124,000) and HK$275,231,000 (2010: HK$300,253,000) respectively was contributed by a single customer and the aggregate revenue from this customer represented approximately 68% (2010: 72%) of the total revenue from continuing operations of the Group. There is no other customer contributing over 10% of the Group's total revenue from continuing operations.

5. Other Income

	2011	2010
	HK$'000	HK$'000
Continuing operations:		
Interest income	**14,310**	35,800
Interest income from financial assets at fair value through profit or loss	**8,025**	–
Interest income from held-to-maturity investments	**1,368**	1,360
Dividend income from financial assets at fair value through profit or loss	**780**	–
Dividend income from available-for-sale financial assets	**2,854**	–
Gain on disposal of available-for-sale financial assets	**2,242**	–
Sundry income	**706**	1,352
	30,285	38,512

6. Finance Costs

Finance costs represent effective interest expense on convertible note from continuing operations.

7. Profit Before Taxation

	2011	2010
	HK$'000	HK$'000
Continuing operations:		
Profit before taxation has been arrived at after charging (crediting):		
(Reversal of allowance) allowance for bad and doubtful debts for trade and other receivables	**(292)**	136
Auditor's remuneration	**1,580**	2,050
Cost of inventories recognised as an expense	**13,713**	13,238
Depreciation of property, plant and equipment	**55,139**	85,217
Depreciation of investment properties	**119,064**	112,060
Gain on disposal of property, plant and equipment	**(1)**	–
Net foreign exchange (gain) loss (included in other gain and loss)	**(4,002)**	26,219
Rental expenses under operating leases on premises	**6,984**	6,512
Gross revenue from leasing of investment properties equipped with entertainment equipment	**(275,231)**	(300,253)
Less: Direct operating expenses that generated revenue from leasing of investment properties equipped entertainment equipment *(Note)*	**178,296**	175,434
	(96,935)	(124,819)
Staff costs, including directors' emoluments		
– salaries and allowances	**49,524**	45,909
– retirement benefits schemes contributions	**451**	288
	49,975	46,197

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

8. Income Tax (Charge) Credit

	2011	2010
	HK$'000	HK$'000
Continuing operations:		
Deferred taxation		
Current year	**(510)**	661

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 entered into a lease agreement with Philippine Amusement and Gaming Corporation ("PAGCOR"), a company solely owned by the Philippine government, such that the subsidiary is entitled to the same tax exemption in respect of the rental income received or receivable from PAGCOR being exempted from the Philippine corporate profits tax. In addition, according to the lease agreement, if the subsidiary is required to make any payment of the Philippine corporate profits tax in relation to any rental income received or receivable from PAGCOR, PAGCOR shall indemnify the subsidiary all such payment.

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

9. Dividends

	2011	2010
	HK$'000	HK$'000
Dividends recognised as distribution to owners of the Company during the year:		
Interim dividend for 2011 – HK$0.50 (2010: Interim dividend for 2010 – nil) per share	**589,579**	–
Dividends proposed in respect of the current year:		
Final dividend for 2011 – HK$0.14 (2010: Final dividend for 2010 – nil) per share	**165,082**	–
Special dividend for 2011 – HK$0.61 (2010: Special dividend for 2010 – nil) per share	**719,286**	–
	884,368	–

At a meeting of the Board held on 20 June 2011, the Board proposed a final dividend of HK$0.14 and a special dividend of HK$0.61 per share in respect of the year ended 31 March 2011. These proposed dividends are subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company and have not been reflected as dividend payables in these consolidated financial statements.

10. Earnings Per Share

From continuing and discontinued operations

The calculation of basic and diluted earnings per share attributable to the owners of the Company for the year ended 31 March 2011 together with the comparative figures for 2010 are based on the following data:

	2011	2010
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**762,197**	275,660
Effect of dilutive potential ordinary shares in respect of convertible note:		
– Change in fair value of conversion option derivative	**(60,000)**	(8,000)
– Effective interest expense	**24,957**	44,825
Earnings for the purpose of diluted earnings per share	**727,154**	312,485

	2011	2010
	In thousand	In thousand
Number of shares		
Weighted average 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**	200,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,283,267**	1,379,157

The computation of diluted earnings per share for the year ended 31 March 2010 did not assume the exercise of the outstanding share options of M8 Entertainment Inc. ("M8"). In the opinion of the directors of the Company, the exercise price of M8's share options was higher than the fair value of M8's share since M8 was delisted from Toronto Stock Exchange in March 2007 and it was put into liquidation on 19 March 2010. In addition, M8 had consolidated net total liabilities as at 19 March 2010.

From continuing operations

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

Earnings figures are calculated as follows:

	2011	2010
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company	**762,197**	275,660
Less:		
Profit for the year from discontinued operations attributable to owners of the Company	**–**	37,992
Earnings for the purpose of basic earnings per share from continuing operations	**762,197**	237,668
Effect of dilutive potential ordinary shares in respect of convertible note:		
– Change in fair value of conversion option derivative	**(60,000)**	(8,000)
– Effective interest expense	**24,957**	44,825
Earnings for the purpose of diluted earnings per share from continuing operations	**727,154**	274,493

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

For the year ended 31 March 2010, basic earnings per share from the discontinued operations was HK3.22 cents per share and diluted earnings per share from the discontinued operations was HK2.75 cents per share, based on the profit for the year from discontinued operations attributable to owners of the Company of approximately HK$37,992,000 and the same denominators detailed above for both basic and diluted earnings per share.

11. Trade Receivables, Other Receivables, Deposits and Prepayments

	2011 HK$'000	2010 HK$'000
Trade receivables	**40,037**	33,345
Less: Allowance for doubtful debts for trade receivables	**(95)**	(127)
	39,942	33,218
Other receivables, deposits and prepayments	**31,193**	26,823
Less: Allowance for doubtful debts for other receivables	**(2,904)**	(3,138)
	28,289	23,685
Total trade receivables, other receivables, deposits and prepayments	**68,231**	56,903

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.

	2011 HK$'000	2010 HK$'000
Aged:		
0 – 30 days	**34,261**	28,087
31 – 60 days	**3,957**	2,491
61 – 90 days	**1,068**	1,959
Over 90 days	**656**	681
	39,942	33,218

12. Trade Payables, Other Payables and Accrued Charges

Trade payables, other payables and accrued charges comprise amounts outstanding for the purchase and ongoing costs.

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

	2011	2010
	HK$'000	HK$'000
Aged:		
0 – 30 days	**4,580**	3,054
31 – 60 days	**–**	173
Over 90 days	**2,387**	2,077
	6,967	5,304

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

As at 31 March 2011, the 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.

Management Discussion and Analysis

Financial Review

The Group's revenue from continuing operations for the year ended 31 March 2011 was approximately HK$409.7 million, representing a decrease of approximately 3.6%, as compared with approximately HK$425.2 million in the last year. The decrease in revenue from continuing operations was mainly due to the decrease in revenue from the leasing of properties in the Philippines during the year. The Group reported a gross profit from continuing operations of approximately HK$201.7 million for the year under review, representing an increase of approximately 1.5%, as compared with approximately HK$198.8 million in the last year. The increase in gross profit from continuing operations was mainly due to the increase in contribution from the hotel operations during the year.

Other income from continuing operations for the year ended 31 March 2011 was approximately HK$30.3 million, representing a decrease of approximately 21.4%, as compared with approximately HK$38.5 million in the last year. The decrease was mainly due to the decrease in interest income during the year.

The Group recorded a loss of approximately HK$3.2 million on change in fair value of financial assets at fair value through profit or loss for the year ended 31 March 2011.

Other gain and loss from continuing operations represented the net foreign exchange gain or loss recognised during the year under review. The Group recorded a net foreign exchange gain of approximately HK$4.0 million for the year ended 31 March 2011, while it was a net foreign exchange loss of approximately HK$26.2 million for the last year.

Selling and distribution costs, and general and administrative expenses from continuing operations increased by approximately 9.6% to approximately HK$130.4 million for the year ended 31 March 2011 from approximately HK$119.0 million in the last year.

The Group recorded a gain of approximately HK$60.0 million on change in fair value of conversion option derivative for the year ended 31 March 2011, representing an increase of approximately 650.0%, as compared with approximately HK$8.0 million in the last year.

Share of profit from an associated company for the year ended 31 March 2011 was approximately HK$21.3 million, representing a decrease of approximately 91.4%, as compared with approximately HK$248.2 million in the last year. The share of profit from an associated company recognised for the year was mainly due to the contributions from the hotel and entertainment operations, while the profit for the last year was mainly contributed from the recognition of sale of residential units.

The Group recorded a gain of approximately HK$657.9 million on disposal of a subsidiary for the year ended 31 March 2011. It was derived from the disposal of Fortune Gate Overseas Limited ("Fortune Gate"), which held 40% equity interest in Arc of Triumph Development Company Limited ("ATD"). The disposal was completed in November 2010.

Finance costs from continuing operations represented the effective interest expenses on the convertible note issued in October 2007. The Group recognised the finance costs of approximately HK$25.0 million for the year ended 31 March 2011, representing a decrease of approximately 44.3%, as compared with approximately HK$44.8 million in the last year. The convertible note was fully repaid in October 2010.

The Group recorded a profit from continuing operations for the year ended 31 March 2011, amounted to approximately HK$816.0 million, representing an increase of approximately 168.4%, as compared with approximately HK$304.1 million in the last year. The increase in profit from continuing operations was mainly due to the net effect of a significant gain on disposal of a subsidiary recognised for the year ended 31 March 2011, the increase in the gain on change in fair value of conversion option derivative, and the significant decrease in share of profit from an associated company as compared to the year ended 31 March 2010.

The profit from discontinued operations for the year ended 31 March 2010, including the entertainment business only, was approximately HK$38.0 million.

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 2011 was approximately HK$275.2 million, representing a decrease of approximately 8.3%, as compared with approximately HK$300.3 million in the last year. It contributed approximately 67.2% of the Group's total revenue from continuing operations during the year under review. In the last year, it contributed approximately 70.6% of the Group's total revenue from continuing operations.

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 2011 was approximately HK$134.5 million, representing an increase of approximately 7.6%, as compared with approximately HK$124.9 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

Following the disposal of the entire equity interest of Fortune Gate, which held 40% equity interest in ATD, the Group will 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 of the Company (the "Shareholders"). In addition, the Directors will continue to review of 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 2011, the Group's net current assets amounted to approximately HK$1,839.9 million (as at 31 March 2010: approximately HK$756.8 million). Current assets amounted to approximately HK$2,268.5 million (as at 31 March 2010: approximately HK$1,435.0 million), of which approximately HK$2,182.2 million (as at 31 March 2010: approximately HK$1,279.1 million) was cash and bank deposits, approximately HK$39.9 million (as at 31 March 2010: approximately HK$33.2 million) was trade receivables, approximately HK$28.3 million (as at 31 March 2010: approximately HK$23.7 million) was other receivables, deposits and prepayments, approximately HK$2.6 million (as at 31 March 2010: approximately HK$3.0 million) was inventories, and approximately HK$15.5 million was held-to-maturity investments (as at 31 March 2010: approximately HK$15.4 million which was classified as non-current assets).

The Group had current liabilities amounted to approximately HK$428.6 million (as at 31 March 2010: approximately HK$678.1 million), of which approximately HK$7.0 million (as at 31 March 2010: approximately HK$5.3 million) was trade payables, approximately HK$288.6 million (as at 31 March 2010: approximately HK$27.6 million) was other payables and accrued charges, and approximately HK$132.0 million (as at 31 March 2010: approximately HK$205.2 million) was the amounts owing under the promissory notes. Since the convertible note was fully repaid during the year, both the fair value of the conversion option derivative and carrying value of the convertible note became nil as at 31 March 2011 (as at 31 March 2010: approximately HK$60.0 million and approximately HK$379.0 million respectively).

The promissory notes amounted to approximately HK$132.0 million (as at 31 March 2010: approximately HK$205.2 million) were denominated in Hong Kong Dollar. The amounts were unsecured, interest-free and repayable on demand. During the year ended 31 March 2011, the Group has settled part of the amounts owing under the promissory notes.

The convertible note was issued by the Company in October 2007, due in three years, which borne interest at the rate of 1% per annum, convertible into ordinary shares of the Company at an initial conversion price of HK$2 per share, subject to customary adjustments for among other things, subdivision or consolidation of shares, bonus issues, right issues and other events which had diluting effects on the issued share capital of the Company. The principal amount of the convertible note outstanding as at 31 March 2010 was HK$400,000,000. The Company fully repaid the convertible note on 8 October 2010.

The gearing ratio, measured in terms of total borrowings divided by total assets, was approximately 3.3% as at 31 March 2011, compared to approximately 14.9% as at 31 March 2010.

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

Charges on Group Assets

As at 31 March 2011 and 31 March 2010, the Group did not have any charges on the Group's assets.

Material Acquisitions and Disposals and Significant Investments

On 7 May 2010, the Company entered into a conditional sale and purchase agreement (the "Agreement") with Power Link Fortune Limited ("Power Link") pursuant to which the Company conditionally agreed to sell and assign, and Power Link conditionally agreed to purchase the entire issued share capital of Fortune Gate (the "Sale Share") and to accept the assignment of the entire amount of the interest–free shareholder's loan owing from Fortune Gate to the Company as at the completion of the Agreement (the "Sale Loan"). Pursuant to the Agreement, Fortune Gate had to undergo a reorganisation so that immediately prior to completion of the Agreement, Fortune Gate would only have the investment in ATD and the amount due from ATD and had no other liability except the Sale Loan.

On 5 November 2010, the Agreement was completed whereupon Fortune Gate ceased to be a wholly-owned subsidiary of the Company and the Group ceased to have any control on Fortune Gate anymore. Details of the disposal have been set out in the announcements of the Company dated 11 May 2010, 31 May 2010, 27 August 2010 and 5 November 2010; and the circular of the Company dated 30 July 2010.

Save as disclosed above, there was no other acquisition or disposal of subsidiary and affiliated company, which would have been required to be disclosed under the Listing Rules, for the year ended 31 March 2011.

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 2011, the Group's assets and liabilities were mainly denominated in Hong Kong Dollar, United States Dollar and Philippine Peso. The Group primarily earns its revenue and income in Hong Kong Dollar, United States Dollar and Philippine Peso while the Group primarily incurs costs and expenses mainly in Hong Kong Dollar and Philippine Peso. The Group has not implemented any formal hedging policy. However, the management would monitor foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 31 March 2011 and 31 March 2010, the Group did not have any significant contingent liabilities.

Employees and Remuneration Policies

The total number of employees of the Group was 324 as at 31 March 2011 (as at 31 March 2010: 337). The staff costs for the year ended 31 March 2011 was approximately HK$50.0 million (for the year ended 31 March 2010: approximately HK$57.0 million). The remuneration of the Directors and 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, employee benefits included 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 2011.

Compliance with Code on Corporate Governance Practices

During the year, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules, except for the following deviations:

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 this 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 27 August 2010 as he was having his business commitment at the time of such meeting. One of the executive Directors was elected as the chairman of the annual general meeting and responded to the questions of the Shareholders. The management 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 2011.

Final Dividend and Special Dividend

The Board has proposed payment to the Shareholders of a final dividend of HK$0.14 (2010: nil) per share and a special dividend of HK$0.61 (2010: nil) per share in respect of the year ended 31 March 2011, such payment of dividends will be subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 22 August 2011, and are payable to the Shareholders whose names appear on the register of members of the Company at the close of business on 30 August 2011.

Subject to the approval by the Shareholders, the final dividend and the special dividend will be paid on or about 9 September 2011.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 26 August 2011 to Tuesday, 30 August 2011, both dates inclusive, during which period no transfer of shares will be registered. In order to be entitled to the final dividend and the special dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30p.m. on Thursday, 25 August 2011.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, 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, 20 June 2011

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 Biu, 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.