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 2015

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2015	Year ended 31 March 2014
Revenue *(HK$'000)*	**366,837**	389,711
Profit before taxation *(HK$'000)*	**85,849**	172,633
Profit for the year *(HK$'000)*	**61,138**	161,373
Profit for the year attributable to owners of the Company *(HK$'000)*	**45,944**	114,694
Earnings per share – Basic *(HK cent)*	**3.90**	9.73

The Board proposed a final dividend of HK$0.01 per share and a special dividend of HK$0.45 per share in respect of the year ended 31 March 2015.

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 2015, together with the comparative figures for the year ended 31 March 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

		2015	2014
	NOTES	***HK$'000***	*HK$'000*
Revenue	*3*	**366,837**	389,711
Cost of sales		**(206,837)**	(216,530)
Gross profit		**160,000**	173,181
Other income	*5*	**23,508**	36,016
Other gain and loss		**9,838**	99,623
Change in fair value of financial assets at fair value through profit or loss		**51,410**	3,469
Selling and distribution costs		**(5,405)**	(4,792)
General and administrative expenses		**(153,502)**	(134,864)
Profit before taxation	*6*	**85,849**	172,633
Income tax charge	*7*	**(24,711)**	(11,260)
Profit for the year		**61,138**	161,373
Profit for the year attributable to:			
Owners of the Company		**45,944**	114,694
Non-controlling interests		**15,194**	46,679
		61,138	161,373
		HK cent	*HK cent*
Earnings per share	*9*		
Basic		**3.90**	9.73

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**61,138**	161,373
Other comprehensive income (expense) for the year		
Items that will not be reclassified to profit or loss		
– remeasurement of defined benefit obligations	**(275)**	694
– exchange differences arising on translation to presentation currency	**1,460**	(250,647)
	1,185	(249,953)
Item that may be subsequently reclassified to profit or loss		
– exchange differences arising on translation of foreign operations	**206**	21,404
Other comprehensive income (expense) for the year, net of income tax	**1,391**	(228,549)
Total comprehensive income (expense) for the year	**62,529**	(67,176)
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	**47,273**	(29,296)
Non-controlling interests	**15,256**	(37,880)
	62,529	(67,176)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**398,645**	431,476
Investment properties		**555,412**	673,027
Financial assets at fair value through profit or loss	10	**20,444**	79,474
Other assets		**892**	916
		975,393	1,184,893
Current assets			
Inventories		**3,067**	2,585
Financial assets at fair value through profit or loss	10	**54,750**	13,600
Loan receivable		**–**	37,000
Trade receivables	11	**25,932**	26,557
Other receivables, deposits and prepayments	11	**20,258**	30,502
Bank balances and cash		**1,591,533**	1,645,872
		1,695,540	1,756,116
Current liabilities			
Trade payables	12	**5,916**	2,435
Other payables and accrued charges	12	**42,640**	45,359
Tax liabilities		**58,516**	426
		107,072	48,220
Net current assets		**1,588,468**	1,707,896
Total assets less current liabilities		**2,563,861**	2,892,789

	2015	2014
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**1,179,157**	1,179,157
Share premium and reserves	**695,977**	648,704
Equity attributable to owners of the Company	**1,875,134**	1,827,861
Non-controlling interests	**567,546**	909,371
Total equity	**2,442,680**	2,737,232
Non-current liabilities		
Deferred tax liabilities	**117,001**	152,209
Other liabilities	**4,180**	3,348
	121,181	155,557
	2,563,861	2,892,789

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 of the Group 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 that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 of the Group 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, for the first time, the following amendments to HKFRSs and a new interpretation ("Interpretation") issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKFRS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

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

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to HKAS 1	Disclosure initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[4]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[3]
Amendments to HKAS 27	Equity method in separate financial statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 recognition 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 of financial liabilities attributable to changes in the financial liabilities' 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 fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors are in the process of assessing the potential financial impact.

HKFRS 15 "Revenue from contracts with customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors are in the process of assessing the potential financial impact.

In the opinion of the Directors, the application of the other new and revised HKFRSs issued but not yet effective is not expected to have a material effect on the Group's consolidated financial statements.

3. REVENUE

	2015	2014
	HK$'000	*HK$'000*
The Group's revenue comprises:		
Hotel		
Room revenue	**84,195**	86,569
Food and beverages	**44,237**	49,214
Other hotel service income	**3,794**	4,562
	132,226	140,345
Leasing of investment properties equipped with entertainment equipment	**234,611**	249,366
	366,837	389,711

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 the CODM for the purposes of resource 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 2015

	Hotel	**Leasing**	**Reportable segment total**	**Elimination**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
External sales	**132,226**	**234,611**	**366,837**	**–**	**366,837**
Inter-segment sales	**398**	**671**	**1,069**	**(1,069)**	**–**
Total	**132,624**	**235,282**	**367,906**	**(1,069)**	**366,837**
RESULTS					
Segment (loss) profit	**(12,033)**	**34,323**	**22,290**		**22,290**
Unallocated other income					**16,192**
Other gain and loss					**9,838**
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")					**51,410**
Unallocated expenses					**(32,859)**
Unallocated income tax charge					**(5,733)**
Profit for the year					**61,138**

For the year ended 31 March 2014

	Hotel	Leasing	Reportable segment total	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
External sales	140,345	249,366	389,711	–	389,711
Inter-segment sales	243	684	927	(927)	–
Total	140,588	250,050	390,638	(927)	389,711
RESULTS					
Segment profit	326	42,258	42,584		42,584
Unallocated other income					29,664
Other gain and loss					99,623
Change in fair value of financial assets at FVTPL					3,469
Unallocated expenses					(15,967)
Unallocated income tax credit					2,000
Profit for the year					161,373

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit after tax earned by or loss after tax from each segment without allocation of unallocated expenses (including corporate expenses), other gain and loss, change in fair value of financial assets at FVTPL, unallocated other income (i.e. investment income) and unallocated income tax (charge) credit. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

At 31 March 2015

	Hotel	**Leasing**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
ASSETS			
Segment assets	**485,708**	**858,665**	**1,344,373**
Unallocated assets			
Bank balances and cash			**1,249,424**
Financial assets at FVTPL			**75,194**
Others			**1,942**
Consolidated total assets			**2,670,933**
LIABILITIES			
Segment liabilities	**63,559**	**139,990**	**203,549**
Unallocated liabilities			
Tax liabilities			**135**
Deferred tax liabilities			**6,023**
Contingent consideration provision			**16,600**
Others			**1,946**
Consolidated total liabilities			**228,253**

At 31 March 2014

	Hotel	Leasing	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
ASSETS			
Segment assets	565,884	1,060,038	1,625,922
Unallocated assets			
Bank balances and cash			1,172,934
Financial assets at FVTPL			93,074
Loan receivable			37,000
Others			12,079
Consolidated total assets			2,941,009
LIABILITIES			
Segment liabilities	64,629	119,322	183,951
Unallocated liabilities			
Tax liabilities			426
Contingent consideration provision			16,600
Others			2,800
Consolidated total liabilities			203,777

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

- all assets are allocated to operating segments, other than unallocated assets (including plant and equipment for corporate use, 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, contingent consideration provision, and other payables and accrued charges for the corporate).

Other segment information

For the year ended 31 March 2015

	Hotel	**Leasing**	**Segment total**	**Unallocated**	**Consolidated total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment and investment properties	**1,923**	**13,607**	**15,530**	**16**	**15,546**
Allowance for bad and doubtful debts for trade and other receivables	**29**	**1,712**	**1,741**	**–**	**1,741**
Reversal of allowance for loan receivable (included in other gain and loss)	**–**	**–**	**–**	**(6,000)**	**(6,000)**
Depreciation	**27,755**	**140,346**	**168,101**	**8**	**168,109**
Interest income	**1,590**	**5,726**	**7,316**	**13,709**	**21,025**
Income tax credit (charge)	**375**	**(19,353)**	**(18,978)**	**(5,733)**	**(24,711)**

For the year ended 31 March 2014

	Hotel	Leasing	Segment total	Unallocated	Consolidated total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment and investment properties	2,513	21,301	23,814	11	23,825
Loss on disposal/write-off of property, plant and equipment	–	25	25	–	25
(Reversal of allowance) allowance for bad and doubtful debts for trade and other receivables	(47)	1,440	1,393	(832)	561
Allowance for loan receivable (included in other gain and loss)	–	–	–	2,000	2,000
Depreciation	28,721	147,767	176,488	25	176,513
Interest income	1,890	4,463	6,353	24,887	31,240
Income tax credit (charge)	4,175	(17,435)	(13,260)	2,000	(11,260)

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 2015 and 2014, 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$2,834,000 (2014: HK$2,448,000) and HK$234,611,000 (2014: HK$249,366,000) respectively were contributed by the Group's largest customer and the aggregate revenue from this customer represented approximately 65% (2014: 65%) of the total revenue of the Group. There are no other single customers contributing over 10% of the Group's total revenue.

5. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest income from bank balances	**11,367**	9,628
Interest income from financial assets at FVTPL	**7,052**	9,165
Interest income from loan receivable	**2,606**	12,447
Dividend income from financial assets at FVTPL	**1,560**	2,460
Sundry income	**923**	2,316
	23,508	36,016

Included above is income from listed investments of approximately HK$8,612,000 (2014: HK$11,625,000).

6. PROFIT BEFORE TAXATION

	2015 HK$'000	2014 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Allowance for bad and doubtful debts for trade and other receivables	**1,741**	561
(Reversal of allowance) allowance for loan receivable (included in other gain and loss)	**(6,000)**	2,000
Auditor's remuneration	**1,995**	1,920
Cost of inventories recognised as an expense	**15,055**	15,650
Change in fair value of financial assets at FVTPL	**(51,410)**	(3,469)
Legal and professional expenses (included in general and administrative expenses)	**19,008**	3,274
Depreciation of property, plant and equipment	**48,160**	54,608
Depreciation of investment properties	**119,949**	121,905
Loss on disposal/write-off of property, plant and equipment	**–**	25
Net foreign exchange gain (included in other gain and loss)	**(3,838)**	(101,623)
Rental expenses under operating leases on premises and land	**6,170**	6,259
Gross revenue from leasing of investment properties equipped with entertainment equipment	**(234,611)**	(249,366)
Less: Direct operating expenses that generated revenue from leasing of investment properties equipped with entertainment equipment *(Note)*	**185,996**	196,218
	(48,615)	(53,148)
Staff costs, including Directors' emoluments		
– salaries and allowances	**56,989**	54,136
– retirement benefit costs	**888**	1,232
	57,877	55,368

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

7. INCOME TAX CHARGE

	2015 HK$'000	2014 HK$'000
Current tax:		
Hong Kong	**–**	–
The Philippines	**(60,741)**	–
	(60,741)	–
Overprovision in prior years:		
Hong Kong	**290**	2,000
Deferred taxation:		
Current year	**35,740**	(13,260)
	(24,711)	(11,260)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The corporate income tax rate in the Philippines is 30% for both years. For the year ended 31 March 2015, withholding tax was provided at 15% in respect of the dividend distributed during the year ended 31 March 2015 by a subsidiary of the Company operating in the Philippines to its overseas immediate holding company (2014: nil). During the year ended 31 March 2015, the Group utilised deferred tax liability in an amount of approximately HK$58,978,000 (2014: nil) as a result of dividend distributed by a subsidiary of the Company in the Philippines to its overseas immediate holding company.

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 and the Philippines either had no assessable profits or were exempted from profits tax in the 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, for the lease of certain premises in the Philippines. On 29 February 2012, Bureau of Internal Revenue in the Philippines ("BIR") issued a formal letter of demand to such subsidiary for alleged deficiency taxes covering the taxable year of 2008 amounting to approximately Peso807,000,000 (equivalent to approximately HK$139,595,000) arising mainly from the imposition of income tax inclusive of penalties and interest on the rental income of such subsidiary from the lease of certain premises to PAGCOR pursuant to the Lease Agreement. On 29 March 2012, such subsidiary filed a protest with BIR on the ground that it is exempt from Philippine corporate income tax pursuant to Section 13(2) of the Presidential Decree No. 1869, as amended.

In April 2013, BIR issued Revenue Memorandum Circular ("RMC") No. 33-2013 dated 17 April 2013 which, inter alia, provided that PAGCOR and its contractees and licensees would be considered by BIR as being subject to corporate income tax under National Internal Revenue Code of the Philippines, as amended.

The independent legal adviser to such subsidiary advised that notwithstanding the issuance of the RMC, there were still valid legal arguments against the deficiency tax assessments. Based on the advice of the independent legal adviser, the Directors believe that such subsidiary has valid legal arguments to defend the tax dispute. Accordingly, no provision has been made for the tax dispute and/or the potential deferred tax liabilities arising from the investment properties in the consolidated financial statements for the years ended 31 March 2015 and 2014. However, since there is at present a possible obligation (existence of which can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of such subsidiary) which may or may not require an initial outflow of resources, the Directors consider that it is prudent to estimate that as at 31 March 2015, the contingent liabilities in respect of the alleged deficiency taxes covering the taxable year of 2008 as stated in the formal letter of demand and the contingent liabilities in respect of the potential income taxes (but without taking into account any possible penalties or interest liability) that may be assessed by BIR for the taxable years that are not yet barred by prescription under the relevant laws, rules and regulations in the Philippines as being approximate total of Peso1,801,321,000 (2014: Peso1,737,371,000) (equivalent to approximately HK$311,593,000 (2014: HK$300,318,000)) as a possible outflow of resources but subject to such subsidiary's claim for full indemnity thereof.

The independent legal adviser to such subsidiary also advised that based on the terms of the Lease Agreement, there is strong legal basis for such subsidiary to claim full indemnity from PAGCOR in respect of any such tax payment, together with any interest, penalties and expenses payable or incurred in connection therewith.

8. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividends proposed in respect of the current year:		
Final dividend for 2014/15 - HK$0.01 per share		
(2014: Final dividend for 2013/14 – nil)	**11,792**	–
Special dividend for 2014/15 - HK$0.45 per share		
(2014: Special dividend for 2013/14 – nil)	**530,620**	–
	542,412	–

No dividend was paid during the years ended 31 March 2015 and 2014. At a meeting of the Board held on 19 June 2015, the Board proposed a final dividend of HK$0.01 per share and a special dividend of HK$0.45 per share in respect of the year ended 31 March 2015. These proposed dividends are subject to the approval by the Shareholders at the forthcoming annual general meeting of the Company and have not been reflected as dividends payables in these consolidated financial statements.

9. EARNINGS PER SHARE

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

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**45,944**	114,694
	In thousand	*In thousand*
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**1,179,157**	1,179,157

For the years ended 31 March 2015 and 2014, no diluted earnings per share has been presented as there were no potential ordinary shares in issue during the years ended 31 March 2015 and 2014.

10. FINANCIAL ASSETS AT FVTPL

	2015	2014
	HK$'000	*HK$'000*
Financial assets at FVTPL comprise:		
Non-current:		
– Debt securities notes listed overseas with fixed interest of 11.75% per annum and maturity date on 18 May 2015 *(Note i)*	**–**	58,500
– 8% perpetual subordinated capital securities listed overseas *(Note ii)*	**20,444**	20,974
	20,444	79,474
Current:		
Equity securities listed in Hong Kong	**54,750**	13,600
Total	**75,194**	93,074

The equity securities listed in Hong Kong are financial assets held for trading and the others are financial assets designated as at FVTPL at initial recognition.

Notes:

(i) The notes were disposed of during the year ended 31 March 2015.

(ii) The issuer of the investment may redeem the capital securities at any time on or after 15 December 2015 or at any time upon the occurrence of certain events at a redemption price equal to the principal plus accrued interest. Subject to certain conditions, on any coupon payment date, the issuer may exchange the capital securities in whole (but not in part) for perpetual non-cumulative dollar preference shares.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**29,081**	27,982
Less: Allowance for doubtful debts for trade receivables	**(3,149)**	(1,425)
	25,932	26,557
Other receivables, deposits and prepayments	**20,258**	30,502
Total trade receivables, other receivables, deposits and prepayments	**46,190**	57,059

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.

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

	2015	2014
	HK$'000	*HK$'000*
Aged:		
0 – 30 days	**22,994**	23,549
31 – 60 days	**2,064**	1,411
61 – 90 days	**145**	181
Over 90 days	**729**	1,416
	25,932	26,557

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

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

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

	2015	2014
	HK$'000	*HK$'000*
Aged:		
0 – 30 days	**3,877**	666
31 – 60 days	**16**	44
61 – 90 days	**209**	11
Over 90 days	**1,814**	1,714
	5,916	2,435

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

As at 31 March 2015, other payables and accrued charges included an amount of approximately HK$16,600,000 (2014: HK$16,600,000) which represented the fair value of the contingent consideration provision in relation to the tax indemnity provided to the purchaser of a subsidiary of the Company disposed of by the Group during the year ended 31 March 2011. The tax indemnity is provided for a period of 5 years commencing from 5 November 2010.

13. CONTINGENT LIABILITIES

As at 31 March 2015, the Group has contingent liabilities of approximately HK$311,593,000 (31 March 2014: HK$300,318,000) relating to the tax dispute between a subsidiary of the Company operating in the Philippines and BIR for the taxable year of 2008 as well as the potential income taxes (but without taking into account any possible penalties or interest liability) that may be assessed by BIR for the taxable years that are not yet barred by prescription under the relevant laws, rules and regulations in the Philippines. The details of which are set out in note 7.

On 29 May 2015, BIR issued a formal letter of demand to another subsidiary of the Company ("the Hotel Subsidiary") which operates a hotel in the Philippines for alleged deficiency taxes covering the taxable year of 2010 amounting to approximately Peso100,219,000 (equivalent to approximately HK$17,336,000) inclusive of penalties and interest.

Based on the advice of the independent legal adviser, the Directors believe that the Hotel Subsidiary has valid arguments to defend the tax dispute. Accordingly, no provision has been made for the tax dispute in the consolidated financial statements for the year ended 31 March 2015. The Hotel Subsidiary shall file a protest with BIR against the formal letter of demand in accordance with the relevant laws, rules and regulations in the Philippines. However, since there is at present a possible obligation (existence of which can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Hotel Subsidiary) which may or may not require an initial outflow of resources, the Directors consider that it is prudent to estimate that as at 31 March 2015, the contingent liabilities in respect of the alleged deficiency taxes of the Hotel Subsidiary covering the taxable year of 2010 as stated in the formal letter of demand (but without taking into account of any possible additional penalties or interest liability) as being approximate total of Peso100,219,000 (equivalent to approximately HK$17,336,000) as a possible outflow of resources.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's revenue for the year ended 31 March 2015 was approximately HK$366.8 million, representing a decrease of approximately 5.9%, as compared with approximately HK$389.7 million in the last year. Both the revenue from the leasing of properties and the hotel operations for the year decreased as compared with the last year. The Group reported a gross profit of approximately HK$160.0 million for the year under review, representing a decrease of approximately 7.6%, as compared with approximately HK$173.2 million in the last year. The decrease in gross profit for the year was mainly due to the decrease in the revenue for the year.

Other income of the Group for the year ended 31 March 2015 was approximately HK$23.5 million, representing a decrease of approximately 34.7%, as compared with approximately HK$36.0 million in the last year. The decrease was mainly due to the decrease in interest income during the year.

The Group recorded a gain of approximately HK$51.4 million on change in fair value of financial assets at fair value through profit or loss for the year ended 31 March 2015, representing an increase of approximately HK$47.9 million, as compared with a gain of approximately HK$3.5 million in the last year.

Other gain and loss of the Group represented the net foreign exchange gain or loss and the allowance or reversal of allowance for loan receivable recognised during the year under review. The Group recorded a net foreign exchange gain of approximately HK$3.8 million for the year ended 31 March 2015, representing a decrease of approximately 96.3%, as compared with a net foreign exchange gain of approximately HK$101.6 million in the last year. An allowance for loan receivable of HK$6.0 million was reversed for the year ended 31 March 2015, while an allowance for loan receivable of HK$2.0 million was recognised for the last year.

Selling and distribution costs, and general and administrative expenses of the Group increased by approximately 13.7% to approximately HK$158.9 million for the year ended 31 March 2015 from approximately HK$139.7 million in the last year. Included in the expenses for the year ended 31 March 2015, approximately 36.4%, 12.7% and 12.0% were the staff costs, the utilities expenses and the legal and professional expenses respectively. The staff costs for the year ended 31 March 2015 was approximately HK$57.9 million, representing an increase of approximately 4.5%, as compared with approximately HK$55.4 million in the last year. The utilities expenses for the year ended 31 March 2015 was approximately HK$20.2 million, representing a decrease of approximately 16.9%, as compared with approximately HK$24.3 million in the last year. The legal and professional expenses for the year ended 31 March 2015 was approximately HK$19.0 million, representing an increase of approximately 475.8%, as compared with approximately HK$3.3 million in the last year. The increase in legal and professional expenses was mainly due to the legal and professional expenses incurred for a possible acquisition as mentioned in the announcements of the Company dated 9 January 2014, 27 June 2014, 29 December 2014 and 31 December 2014.

Income tax charge of the Group increased by approximately 118.6% to approximately HK$24.7 million for the year ended 31 March 2015 from approximately HK$11.3 million in the last year. The increase in income tax charge for the year was mainly due to the increase in deferred tax charge in respect of the unrealised foreign exchange gain and the change in fair value of financial assets at fair value through profit or loss.

As a result, the profit of the Group decreased by approximately 62.1% to approximately HK$61.1 million for the year ended 31 March 2015 from approximately HK$161.4 million for the year ended 31 March 2014.

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 represents the rental income from the premises of the Group leased to PAGCOR, a corporation incorporated in the Philippines and controlled and wholly-owned by the government of the Philippines. The monthly rental income is based on an agreed percentage of net gaming revenue generated from the local gaming area of the casino operated by PAGCOR as lessee of the Group's premises or a fixed rental amount, whichever is higher.

   The revenue derived from the leasing of properties for the year ended 31 March 2015 was approximately HK$234.6 million, representing a decrease of approximately 5.9%, as compared with approximately HK$249.4 million in the last year. The decrease was mainly due to the decrease in the net gaming revenue from the local gaming area of the casino operated by PAGCOR as lessee of the Group's premises during the year, resulting from new independent casinos coming into operation in the vicinity. It contributed approximately 64.0% of the Group's total revenue during the year under review. In the last year, it also contributed approximately 64.0% of the Group's total revenue.

   Although the term of the existing lease agreement will expire on 31 March 2016, the management expects that leasing of properties will continue to contribute significantly towards the Group's revenue and results.

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 hotel of the Group (the "Hotel") is located in Manila City which is a tourist spot with churches and historical sites as well as various night spots catered for tourists and is one of the major tourist destinations in the Philippines.

The revenue derived from the hotel operations for the year ended 31 March 2015 was approximately HK$132.2 million, representing a decrease of approximately 5.8%, as compared with approximately HK$140.3 million in the last year. The decrease was mainly due to the decrease in both the room revenue and the food and beverage sales for the year.

Included in the revenue derived from the hotel operations, approximately 63.7% of the revenue was contributed by room revenue for the year under review. In the last year, it was approximately 61.7% of the revenue derived from the hotel operations. The room revenue for the year ended 31 March 2015 was approximately HK$84.2 million, representing a decrease of approximately 2.8%, as compared with approximately HK$86.6 million in the last year.

As mentioned in the announcement of the Company dated 24 June 2014, New Coast Hotel, Inc., a subsidiary of the Company, entered into the hotel management agreement with NWH Management Philippines, Incorporated ("NWHM (Philippines)") and the sales and marketing agreement with New World Hotel Management Limited ("NWHML") for the provision of management services, sales and marketing services and other related services in respect of the Hotel by NWHM (Philippines) and NWHML for a term of three years commencing from 1 January 2015, and the Hotel was renamed as "New World Manila Bay Hotel".

FUTURE OUTLOOK

The Group will continue to focus on its existing business operations and investments in the Philippines and will strive to make good use of available cash on hand for investment into other business opportunities for better return to the Shareholders.

As mentioned in the announcements of the Company dated 9 January 2014, 27 June 2014, 29 December 2014 and 31 December 2014, the Group had been considering business opportunities in the gaming industry in Macau by entering into a term sheet in relation to a possible acquisition. The provisions of the term sheet expired on 31 December 2014 without any definitive agreement having been entered into by the Company or any of its subsidiaries with any party.

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 business operations 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 2015, the Group's net current assets amounted to approximately HK$1,588.5 million (as at 31 March 2014: approximately HK$1,707.9 million). Current assets amounted to approximately HK$1,695.5 million (as at 31 March 2014: approximately HK$1,756.1 million), of which approximately HK$1,591.5 million (as at 31 March 2014: approximately HK$1,645.9 million) was cash and bank deposits, approximately HK$25.9 million (as at 31 March 2014: approximately HK$26.6 million) was trade receivables, approximately HK$20.2 million (as at 31 March 2014: approximately HK$30.5 million) was other receivables, deposits and prepayments, approximately HK$54.8 million (as at 31 March 2014: approximately HK$13.6 million) was financial assets at fair value through profit or loss, loan receivable became nil (as at 31 March 2014: HK$37.0 million), and approximately HK$3.1 million (as at 31 March 2014: approximately HK$2.6 million) was inventories.

The Group had current liabilities amounted to approximately HK$107.1 million (as at 31 March 2014: approximately HK$48.2 million), of which approximately HK$5.9 million (as at 31 March 2014: approximately HK$2.4 million) was trade payables, approximately HK$42.7 million (as at 31 March 2014: approximately HK$45.4 million) was other payables and accrued charges, and approximately HK$58.5 million (as at 31 March 2014: approximately HK$0.4 million) was tax liabilities.

The bank balances and cash of the Group as at 31 March 2015 was mainly denominated in Peso, HK$ and United States Dollars ("USD").

The tax liabilities as at 31 March 2015 amounted to approximately HK$58.5 million (as at 31 March 2014: approximately HK$0.4 million), which mainly represented the withholding tax payable in respect of the dividend distributed by a subsidiary of the Company in the Philippines to its overseas immediate holding company during the year.

The gearing ratio, measured in terms of total borrowings divided by total assets, was zero as at 31 March 2015 and 31 March 2014 respectively.

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

CHARGES ON GROUP ASSETS

As at 31 March 2015 and 31 March 2014 respectively, there were no charges over any of the Group's assets.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

There was no 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 2015.

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

The functional currency of the Company is Peso, the currency of the primary economic environment in which the Company's major subsidiaries operate. The consolidated financial statements are presented in HK$ as the Directors consider that it is an appropriate presentation for a company listed in Hong Kong and for the convenience of the Shareholders.

The Group's assets and liabilities were mainly denominated in HK$, USD and Peso. The Group primarily earns its revenue and income in HK$, USD and Peso while the Group primarily incurs costs and expenses mainly in HK$ and Peso. Therefore, the Group may be exposed to currency risk.

The Group has not implemented any foreign currency hedging policy. However, the management of the Group will monitor foreign currency exposure for each business segment and review the needs of individual geographical area, and consider appropriate hedging policy in future when necessary.

CONTINGENT LIABILITIES

As at 31 March 2015, the Group had (i) contingent liabilities of approximately HK$311.6 million (31 March 2014: approximately HK$300.3 million) relating to the tax dispute between a subsidiary of the Company operating in the Philippines and BIR for the taxable year of 2008 as well as the potential income taxes (but without taking into account any possible penalties and interest liability) that may be assessed by BIR for the taxable years that are not yet barred by prescription under the relevant laws, rules and regulations in the Philippines; and (ii) contingent liabilities of approximately HK$17.3 million (31 March 2014: nil) relating to the tax dispute between the Hotel Subsidiary and BIR for the taxable year of 2010 (but without taking into account any possible additional penalties and interest liability). The details of which are set out in notes 7 and 13 respectively to this announcement.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group was 308 as at 31 March 2015 (as at 31 March 2014: 310). The staff costs for the year ended 31 March 2015 was approximately HK$57.9 million (for the year ended 31 March 2014: approximately HK$55.4 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, insurance and retirement benefits. Besides, the Group regularly provides internal and external training courses for the employees of the Group to meet their needs.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results for the year ended 31 March 2015.

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 2015, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended 31 March 2015 as set out in this 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 HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31 March 2015, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

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 enquiries 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 2015.

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

During the year ended 31 March 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board has proposed the payment of a final dividend of HK$0.01 (2014: nil) per share and a special dividend of HK$0.45 (2014: nil) per share in respect of the year ended 31 March 2015, such payment of dividends will be subject to the approval of the Shareholders at the forthcoming annual general meeting (the "AGM") of the Company to be held on Friday, 21 August 2015, and are payable to the Shareholders whose names appear on the register of members of the Company as at the close of business on Monday, 31 August 2015.

Subject to the approval by the Shareholders at the AGM, the final dividend and the special dividend will be paid on or about Friday, 18 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(a) For determining the eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 20 August 2015 to Friday, 21 August 2015 (both dates inclusive) during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents 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 Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30p.m. on Wednesday, 19 August 2015.

(b) For determining the entitlement to the final dividend and the special dividend (subject to the approval by the Shareholders at the AGM), the register of members of the Company will be closed from Thursday, 27 August 2015 to Monday, 31 August 2015 (both dates inclusive) during which period no transfer of shares of the Company will be registered. In order to be entitled to the final dividend and the special dividend, all transfers documents 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 Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30p.m. on Wednesday, 26 August 2015.

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

Hong Kong, 19 June 2015

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, Dr. 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.