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 2013

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2013	Year ended 31 March 2012
Revenue *(HK$'000)*	**450,408**	432,473
Profit before taxation *(HK$'000)*	**123,013**	117,329
(Loss) profit for the year *(HK$'000)*	**(25,956)**	120,307
(Loss) profit attributable to owners of the Company *(HK$'000)*	**(23,367)**	60,074
(Loss) earnings per share – Basic *(HK cent)*	**(1.98)**	5.09

The Board does not recommend the payment of a final dividend for the year ended 31 March 2013.

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 2013, together with the comparative figures for the year ended 31 March 2012, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Revenue	*3*	**450,408**	432,473
Cost of sales		**(221,786)**	(212,954)
Gross profit		**228,622**	219,519
Other income	*5*	**51,726**	93,540
Other gain and loss		**(34,545)**	(18,601)
Change in fair value of financial assets at fair value through profit or loss		**23,545**	(21,639)
Selling and distribution costs		**(5,550)**	(5,551)
General and administrative expenses		**(140,785)**	(149,939)
Profit before taxation	*6*	**123,013**	117,329
Income tax (charge) credit	*7*	**(148,969)**	2,978
(Loss) profit for the year		**(25,956)**	120,307
(Loss) profit for the year attributable to owners of the Company		**(23,367)**	60,074
(Loss) profit for the year attributable to non-controlling interests		**(2,589)**	60,233
		(25,956)	120,307
		HK cent	*HK cent*
(Loss) earnings per share	*9*		
Basic		**(1.98)**	5.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013	2012
	HK$'000	*HK$'000*
(Loss) profit for the year	**(25,956)**	120,307
Exchange differences arising on translation	**136,805**	31,786
Total comprehensive income for the year	**110,849**	152,093
Total comprehensive income attributable to:		
Owners of the Company	**66,745**	86,497
Non-controlling interests	**44,104**	65,596
	110,849	152,093

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**508,232**	516,365
Investment properties		**867,932**	948,956
Financial assets at fair value through profit or loss	10	**77,745**	67,337
Other assets		**1,513**	1,463
		1,455,422	1,534,121
Current assets			
Inventories		**2,908**	2,871
Financial assets at fair value through profit or loss	10	**201,237**	–
Loan receivable		**44,000**	73,916
Trade receivables	11	**30,167**	70,254
Other receivables, deposits and prepayments	11	**26,220**	33,643
Bank balances and cash		**1,378,965**	1,300,189
		1,683,497	1,480,873
Current liabilities			
Trade payables	12	**4,954**	6,045
Other payables and accrued charges	12	**49,869**	54,190
Tax liabilities		**123,286**	–
Promissory notes		**–**	132,008
		178,109	192,243
Net current assets		**1,505,388**	1,288,630
Total assets less current liabilities		**2,960,810**	2,822,751

	2013	2012
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**1,179,157**	1,179,157
Share premium and reserves	**678,000**	611,255
Equity attributable to owners of the Company	**1,857,157**	1,790,412
Non-controlling interests	**947,251**	911,127
Total equity	**2,804,408**	2,701,539
Non-current liabilities		
Deferred tax liabilities	**152,821**	118,561
Other liabilities	**3,581**	2,651
	156,402	121,212
	2,960,810	2,822,751

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 Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

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

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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated as at fair value through profit or loss on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets
HKFRS 7 (Amendments)	Financial instruments: Disclosures – Transfers of financial assets

The application of the above amendments to HKFRSs in current year has had no material effect on the Group's financial performance and positions for the current and prior year and/or disclosures set out in these consolidated financial statements.

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

HKFRSs (Amendments)	Annual improvements to HKFRSs 2009 – 2011 cycle[1]
HKFRS 1 (Amendments)	Government loans[1]
HKFRS 7 (Amendments)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities[1]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities[4]
HKFRS 9	Financial instruments[2]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[3]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities[4]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 January 2015
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2014

Amendments to HKAS 1 Presentation of items of other comprehensive income

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

The amendments to HKAS 1 will be adopted in the Group’s consolidated financial statements for the annual period beginning on 1 April 2013. Other than the presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of such new standard may not affect significantly on the amounts reported in the consolidated financial statements but will result in more extensive disclosures in the consolidated financial statements.

The Directors anticipate that the application of the other new and revised standards, amendments or interpretations issued but not yet effective will have no material impact on the Group's consolidated financial statements.

3. REVENUE

	2013	2012
	HK$'000	*HK$'000*
The Group's revenue comprises:		
Hotel		
Room revenue	**89,151**	86,800
Food and beverages	**51,758**	48,072
Other hotel service income	**6,759**	6,575
	147,668	141,447
Leasing of investment properties equipped with entertainment equipment	**302,740**	291,026
	450,408	432,473

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 2013

	Hotel	Leasing	Reportable segment total	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
External sales	**147,668**	**302,740**	**450,408**	**–**	**450,408**
Inter-segment sales	**267**	**713**	**980**	**(980)**	**–**
Total	**147,935**	**303,453**	**451,388**	**(980)**	**450,408**
RESULTS					
Segment loss	**(1,623)**	**(18,623)**	**(20,246)**		**(20,246)**
Unallocated other income					**25,832**
Other gain and loss					**(34,545)**
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")					**23,545**
Unallocated expenses					**(18,116)**
Unallocated income tax charge					**(2,426)**
Loss for the year					**(25,956)**

For the year ended 31 March 2012

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

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 2013

	Hotel	**Leasing**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
ASSETS			
Segment assets	**620,916**	**1,211,614**	**1,832,530**
Unallocated assets			
Bank balances and cash			**978,847**
Financial assets at FVTPL			**278,982**
Loan receivable			**44,000**
Others			**4,560**
Consolidated total assets			**3,138,919**
LIABILITIES			
Segment liabilities	**77,646**	**235,825**	**313,471**
Unallocated liabilities			
Tax liabilities			**2,426**
Contingent consideration provision			**16,600**
Others			**2,014**
Consolidated total liabilities			**334,511**

At 31 March 2012

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

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, promissory notes, contingent consideration provision and other payables and accrued charges for the corporate).

Other segment information

For the year ended 31 March 2013

	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	**3,205**	**20,544**	**23,749**	**–**	**23,749**
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**(1)**	**(1)**
Reversal of allowance for bad and doubtful debts for trade and other receivables	**(104)**	**–**	**(104)**	**–**	**(104)**
Allowance for loan receivable (included in other gain and loss)	**–**	**–**	**–**	**4,000**	**4,000**
Depreciation	**30,767**	**153,702**	**184,469**	**70**	**184,539**
Interest income	**3,511**	**22,383**	**25,894**	**22,235**	**48,129**
Income tax credit (charge)	**1,260**	**(147,803)**	**(146,543)**	**(2,426)**	**(148,969)**

For the year ended 31 March 2012

	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	1,942	18,087	20,029	48	20,077
Loss on disposal of property, plant and equipment	–	–	–	8	8
Allowance (reversal of allowance) for bad and doubtful debts for trade and other receivables	171	–	171	(76)	95
Allowance for other assets	–	3,988	3,988	–	3,988
Depreciation	30,517	145,548	176,065	489	176,554
Interest income	3,572	18,464	22,036	68,694	90,730
Income tax credit (charge)	2,029	(51)	1,978	1,000	2,978

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. At 31 March 2013 and 31 March 2012, 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$2,692,000 (2012: HK$2,144,000) and HK$302,740,000 (2012: HK$291,026,000) respectively were contributed by the Group's largest customer and the aggregate revenue from this customer represented approximately 68% (2012: 68%) 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

	2013	2012
	HK$'000	*HK$'000*
Interest income from bank balances	**28,257**	26,196
Interest income from financial assets at FVTPL	**9,165**	9,165
Interest income from held-to-maturity investments	**–**	891
Interest income from loans receivables	**10,707**	54,478
Dividend income from financial assets at FVTPL	**1,560**	2,027
Sundry income	**2,037**	783
	51,726	93,540

Included above is income from listed investments of approximately HK$10,725,000 (2012: HK$12,083,000).

6. PROFIT BEFORE TAXATION

	2013	2012
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
(Reversal of allowance) allowance for bad and doubtful debts for trade and other receivables	**(104)**	95
Allowance for other assets	**–**	3,988
Allowance for loan receivable (included in other gain and loss)	**4,000**	–
Auditor's remuneration	**1,800**	1,600
Cost of inventories recognised as an expense	**15,961**	14,831
Depreciation of property, plant and equipment	**57,448**	53,312
Depreciation of investment properties	**127,091**	123,242
(Gain) loss on disposal of property, plant and equipment	**(1)**	8
Net foreign exchange loss (included in other gain and loss)	**30,545**	18,601
Rental expenses under operating leases on premises and land	**6,171**	6,655
Gross revenue from leasing of investment properties equipped with entertainment equipment	**(302,740)**	(291,026)
Less: Direct operating expenses that generated revenue from leasing of investment properties equipped with entertainment equipment *(Note)*	**194,365**	197,459
	(108,375)	(93,567)
Staff costs, including Directors' emoluments		
– salaries and allowances	**55,198**	53,130
– retirement benefits schemes contributions	**1,166**	1,305
	56,364	54,435

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

7. INCOME TAX (CHARGE) CREDIT

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**(2,426)**	–
The Philippines	**(118,356)**	–
	(120,782)	–
Overprovision in prior years		
Hong Kong	**–**	1,000
Deferred taxation		
Current year	**(28,187)**	1,978
	(148,969)	2,978

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made as there was no assessable profits in Hong Kong for the year ended 31 March 2012.

The corporate income tax rate in the Philippines is 30% for both years. No provision for Philippine corporate income tax has been made as there was no assessable profit in the Philippines for both years. For the year ended 31 March 2013, withholding tax was provided at 15% in respect of the dividend distributed during the year ended 31 March 2013 by a subsidiary of the Company operating 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$152,994,000) 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 in accordance with the Lease Agreement. On 29 March 2012, such subsidiary filed a protest with BIR on the ground that such subsidiary is exempt from 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 from 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 year ended 31 March 2013. However, since there is at present a possible obligation (existence of which can only be confirmed by the occurrence or non-occurence 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 it prudent to estimate as at 31 March 2013, 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 not taking into account any possible penalty 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 Peso1,959,940,000 (equivalent to approximately HK$371,574,000) 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

	2013	2012
	HK$'000	*HK$'000*
Dividends recognised as distribution to owners of the Company during the year:		
Final dividend for 2011/12 – nil (2012: Final dividend for 2010/11 – HK$0.14 per share)	**–**	165,082
Special dividend for 2011/12 – nil (2012: Special dividend for 2010/11 – HK$0.61 per share)	**–**	719,286
	–	884,368

The Board does not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: nil).

9. (LOSS) EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	**(23,367)**	60,074

	2013	2012
	In thousand	*In thousand*
Number of shares		
Number of ordinary shares for the purpose of basic (loss) earnings per share	**1,179,157**	1,179,157

For the years ended 31 March 2013 and 2012, no diluted (loss) earnings per share has been presented as there were no potential ordinary shares in issue during the years ended 31 March 2013 and 2012.

10. FINANCIAL ASSETS AT FVTPL

	2013	2012
	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)*	**55,780**	46,020
– 8% perpetual subordinated capital securities listed overseas *(Note ii)*	**21,965**	21,317
	77,745	67,337
Current:		
Index-linked investments *(Note iii)*	**131,037**	–
Equity securities listed in Hong Kong	**70,200**	–
	201,237	–
Total	**278,982**	67,337

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) Issuer of the notes has an option to redeem the notes at a specified range of premium over the principal amount plus accrued interest at different time periods before maturity date, subject to certain conditions.

(ii) 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.

(iii) The index-linked investments will mature within 12 months. The return of the investments is determined based on the higher of the performance of certain market indices or at a fixed rate of return of ranging from 5.0% to 11.0%.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**30,332**	70,512
Less: Allowance for doubtful debts for trade receivables	**(165)**	(258)
	30,167	70,254
Other receivables, deposits and prepayments	**27,718**	35,141
Less: Allowance for doubtful debts for other receivables	**(1,498)**	(1,498)
	26,220	33,643
Total trade receivables, other receivables, deposits and prepayments	**56,387**	103,897

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.

	2013	2012
	HK$'000	*HK$'000*
Aged:		
0 – 30 days	**26,722**	28,334
31 – 60 days	**1,814**	114
61 – 90 days	**457**	45
Over 90 days	**1,174**	41,761
	30,167	70,254

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.

	2013	2012
	HK$'000	*HK$'000*
Aged:		
0 – 30 days	**1,645**	2,975
31 – 60 days	**678**	631
61 – 90 days	**30**	–
Over 90 days	**2,601**	2,439
	4,954	6,045

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

At 31 March 2013, other payables and accrued charges included an amount of approximately HK$16,600,000 (2012: 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 2013, the Group had contingent liabilities of approximately HK$371,574,000 (as at 31 March 2012: nil) relating to the tax dispute between a subsidiary of the Company operating in the Philippines and BIR for taxable year of 2008 as well as the potential income taxes (but not taking into account any possible penalty 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 are set out in note 7.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's revenue for the year ended 31 March 2013 was approximately HK$450.4 million, representing an increase of approximately 4.1%, as compared with approximately HK$432.5 million in the last year. Both the revenue from the leasing of properties and the hotel operations for the year increased as compared with the last year. The Group reported a gross profit of approximately HK$228.6 million for the year under review, representing an increase of approximately 4.1%, as compared with approximately HK$219.5 million in the last year. Both the leasing of properties and the hotel operations contributed to the increase in gross profit for the year.

Other income of the Group for the year ended 31 March 2013 was approximately HK$51.7 million, representing a decrease of approximately 44.7%, as compared with approximately HK$93.5 million in the last year. The decrease was mainly due to the decrease in interest income from loans receivables during the year.

The Group recorded a gain of approximately HK$23.5 million on change in fair value of financial assets at fair value through profit or loss for the year ended 31 March 2013, while it was a loss on change in fair value of financial assets at fair value through profit or loss of approximately HK$21.6 million for the last year.

Other gain and loss of the Group represented the net foreign exchange gain or loss and the allowance for loan receivable recognised during the year under review. The Group recorded a net foreign exchange loss of approximately HK$30.5 million for the year ended 31 March 2013, representing an increase of approximately 64.0%, as compared with a loss of approximately HK$18.6 million in the last year. The allowance for loan receivable recognised for the year ended 31 March 2013 was approximately HK$4.0 million, while there was no allowance for loan receivable recognised for the year ended 31 March 2012.

Selling and distribution costs, and general and administrative expenses of the Group decreased by approximately 5.9% to approximately HK$146.3 million for the year ended 31 March 2013 from approximately HK$155.5 million in the last year.

The Group recorded a profit before taxation of approximately HK$123.0 million for the year ended 31 March 2013, representing an increase of approximately 4.9%, as compared with approximately HK$117.3 million in the last year. As a result of the recognition of the withholding tax in respect of the dividend distributed by a subsidiary of the Company in the Philippines to its overseas immediate holding company and the deferred taxation in respect of the undistributed earnings of the subsidiaries of the Company operating in the Philippines for the year ended 31 March 2013, the Group for the year ended 31 March 2013 recorded a loss amounted to approximately HK$26.0 million, while it was a profit of approximately HK$120.3 million for the last year.

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 2013 was approximately HK$302.7 million, representing an increase of approximately 4.0%, as compared with approximately HK$291.0 million in the last year. It contributed approximately 67.2% of the Group's total revenue during the year under review. In the last year, it contributed approximately 67.3% of the Group's total revenue.

2. *Hotel operations*

   The revenue derived from the hotel operations mainly includes room revenue, revenue from food and beverages and other hotel service income. The revenue derived from the hotel operations for the year ended 31 March 2013 was approximately HK$147.7 million, representing an increase of approximately 4.5%, as compared with approximately HK$141.4 million in the last year. The increase was mainly due to the increase in the average room rate, the occupancy rate and the food and beverage sales during the year.

FUTURE OUTLOOK

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2013, the Group's net current assets amounted to approximately HK$1,505.4 million (as at 31 March 2012: approximately HK$1,288.6 million). Current assets amounted to approximately HK$1,683.5 million (as at 31 March 2012: approximately HK$1,480.9 million), of which approximately HK$1,379.0 million (as at 31 March 2012: approximately HK$1,300.2 million) was cash and bank deposits, approximately HK$30.2 million (as at 31 March 2012: approximately HK$70.3 million) was trade receivables, approximately HK$26.2 million (as at 31 March 2012: approximately HK$33.6 million) was other receivables, deposits and prepayments, approximately HK$201.2 million (as at 31 March 2012: nil) was financial assets at fair value through profit or loss, approximately HK$44.0 million (as at 31 March 2012: HK$73.9 million) was loan receivable, and approximately HK$2.9 million (as at 31 March 2012: approximately HK$2.9 million) was inventories.

The Group had current liabilities amounted to approximately HK$178.1 million (as at 31 March 2012: approximately HK$192.2 million), of which approximately HK$5.0 million (as at 31 March 2012: approximately HK$6.0 million) was trade payables, approximately HK$49.9 million (as at 31 March 2012: approximately HK$54.2 million) was other payables and accrued charges, and approximately HK$123.3 million (as at 31 March 2012: nil) was tax liabilities. The amounts owing under promissory notes became nil as at 31 March 2013 (as at 31 March 2012: approximately HK$132.0 million).

The Group fully repaid the amounts owing under the promissory notes during the year ended 31 March 2013. The promissory notes amounted to approximately HK$132.0 million as at 31 March 2012 were denominated in Hong Kong Dollar. The amounts were unsecured, interest-free and repayable on demand.

The tax liabilities as at 31 March 2013 amounted to approximately HK$123.3 million (as at 31 March 2012: nil), 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, became zero as at 31 March 2013 after the full repayment of the amounts owing under the promissory notes during the year ended 31 March 2013 as the Group did not have any borrowings outstanding as at 31 March 2013. The gearing ratio was approximately 4.4% as at 31 March 2012.

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

CHARGES ON GROUP ASSETS

As at 31 March 2013 and 31 March 2012, there were no charges over any of the Group's assets.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 26 March 2013, VMS Private Investment Partners VIII Limited ("VMSPIP8"), a subsidiary of the Company, entered into a supplemental letter agreement with the counterparty to amend certain terms of the letter agreement dated 14 June 2012 in respect of an index-linked investment of an aggregate nominal amount of US$10.0 million (equivalent to approximately HK$78.0 million) made by VMSPIP8 to the counterparty (the "Investment"). Details of the Investment are set out in the announcement of the Company dated 26 March 2013.

Save as disclosed above, there was no other acquisition or disposal of subsidiary and associated company or significant investments of the Group, which would have been required to be disclosed under the Listing Rules for the year ended 31 March 2013.

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 2013, 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 of the Group will monitor foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group had contingent liabilities of approximately HK$371,574,000 (as at 31 March 2012: nil) relating to the tax dispute between a subsidiary of the Company operating in the Philippines and BIR for taxable year of 2008 as well as the potential income taxes (but not taking into account any possible penalty 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 are set out in note 7 to this announcement.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group was 316 as at 31 March 2013 (as at 31 March 2012: 335). The staff costs for the year ended 31 March 2013 was approximately HK$56.4 million (for the year ended 31 March 2012: approximately HK$54.4 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 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 2013.

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 2013, consolidated income statement, consolidated statement of comprehensive income and related notes thereto for the year ended 31 March 2013 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the year ended 31 March 2013, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Code Provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should 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 requires independent shareholders' approval.

The chairman of the Board did not attend the annual general meeting of the Company held on 24 August 2012 as he had another business engagement at the time of such meeting. One of the executive Directors was elected as the chairman of the aforesaid annual general meeting of the Company and responded to the questions raised by the Shareholders. The management of the Group considers that the Board has endeavored to maintain an on-going dialogue with the Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The Company, having made specific 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 2013.

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, 21 June 2013

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.