INTERNATIONAL ENTERTAINMENT CORPORATION

國 際 娛 樂 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8118)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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This announcement, for which the directors (the "Directors") of International Entertainment Corporation (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue from continuing operations for the year ended 31 March 2008 was approximately HK$303.7 million, representing an increase of approximately 156.1%, as compared with approximately HK$118.6 million in the last year. The increase in revenue was mainly contributed by the lease of properties and hotel revenue from the business operations in the Philippines during the year. The Group reported a gross profit of approximately HK$154.1 million for the year under review, as compared with gross loss of approximately HK$73.2 million in the last year. The gross profit for the year was mainly due to the decrease in write-downs on the films costs and the contributions from the business operations in the Philippines during the year.

Other income from continuing operations for the year ended 31 March 2008 was approximately HK$50.9 million, representing an increase of approximately 203.1%, as compared with approximately HK$16.8 million in the last year. The increase was mainly due to the increase in interest income on bank deposits during the year.

Selling and distribution costs, and general and administrative expenses from continuing operations increased by approximately 155.5% to approximately HK$125.8 million for the year ended 31 March 2008 from approximately HK$49.2 million in the last year. The increase was mainly due to the increase in marketing expenses for film promotion and distribution expenses for film distribution and the inclusion of the expenses incurred by the business operations in the Philippines after the completion of the acquisition in October 2007.

During the year ended 31 March 2008, the Group recorded a gain of approximately HK$64.8 million on change in fair value of conversion option derivative and shared a profit of approximately HK$3.0 million from an associated company of the Group.

Finance costs from continuing operations for the year ended 31 March 2008 was approximately HK$27.5 million, representing an increase of approximately 527.3%, as compared with approximately HK$4.4 million in last year. The increase was mainly due to the finance costs from the newly acquired subsidiaries in the Philippines and the recognition of the effective interest expense on convertible note.

The Group recorded a profit before taxation from continuing operations for the year ended 31 March 2008, amounted to approximately HK$119.5 million while it was a loss of approximately HK$110.0 million in the last year. The financial performance was improved mainly due to the increase in other income, the gain on change in fair value of conversion option derivative, the decrease in write-downs on the film costs and the contributions from the business operations in the Philippines during the year.

On 27 December 2007, the Company entered into a conditional sale and purchase agreement for the disposal of its entire interest in Cyber On-Air Group Limited ("COAG"). COAG and its subsidiaries are principally engaged in network solutions and project services. The disposal was completed in April 2008. Immediately after the completion of the disposal, the Group would cease to carry on the business of provision of network solutions and project services. Details of the disposal are set out in the announcements of the Company dated 2 January 2008 and 3 March 2008, and the circular of the Company dated 23 January 2008.

The profit for the year ended 31 March 2008 from the discontinued operations, including the provision of the network solutions and project services, was approximately HK$1.0 million, while it was approximately HK$0.2 million in the last year.

BUSINESS REVIEW

The principal activities of the Group for the year under review were hotel operations, leasing of properties for casino, ancillary leisure and entertainment operations, provision of network solutions, project services, and the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres and investments in production of television series, music concerts and music records.

1. Leasing of properties and hotel operations

The acquisition of the entire issued share capital of Fortune Gate Overseas Limited ("Fortune Gate") was completed on 11 October 2007. Fortune Gate and its subsidiaries are principally engaged in the hotel operations and leasing of properties for casino, ancillary leisure and entertainment operations.

The acquisition of Fortune Gate enables the Group to take a further step in the leisure and entertainment markets through investing in the hotel and entertainment operations in the Philippines and Macau. Fortune Gate can also contribute to the business growth and broaden the revenue base of the Group. The objective of the acquisition is to strive for better return to the shareholders of the Company.

Since the acquisition of Fortune Gate was completed on 11 October 2007, only the results of Fortune Gate during the period from the date of completion of the acquisition to 31 March 2008 were taken up in the consolidated results of the Group for the year ended 31 March 2008. The revenue derived from the leasing of properties and the hotel operations for the year ended 31 March 2008 were approximately HK$142.8 million and HK$85.3 million respectively.

2. Entertainment business

The revenue derived from the entertainment business for the year ended 31 March 2008 was approximately HK$75.7 million, representing a decrease of approximately 36.2% as compared with approximately HK$118.6 million in the last year. The revenue comprised primarily from sales of the theatrical feature films, *Monster, Man About Town* and *Lovewrecked. Monster* is a critically acclaimed drama, for which Charlize Theron won the Academy Award for Best Actress. *Man About Town* is a dramatic comedy written and directed by Mike Binder, and starring Ben Affleck and Rebecca Romijn and *Lovewrecked* stars Amanda Bynes and Chris Carmack. The decrease in revenue was resulted from the decrease in the number of films produced during the year under review.

3. Network solutions

Network solutions are the solutions provided by the Group to customers related to their data communication and telecommunication system. These solutions include Microwave Radio System, Wireless Local Area Network, Data Communication, Network Access Management, Frequency and Time Synchronization network solutions.

During the year ended 31 March 2008, the revenue derived from the network solutions was approximately HK$12.3 million, compared to approximately HK$7.8 million in the last year. The increase in revenue was due to more projects completed during the year under review.

4. Project services

For the year ended 31 March 2008, the revenue derived from the provision of project services was approximately HK$14.7 million, compared to approximately HK$9.5 million in the last year. The increase in revenue was due to the continuously improvement of general economic environment.

5. Interest in an associated company

The Company held 40% equity interest in the Arc of Triumph Development Company Limited ("ATD"), a company incorporated in Macau. The principal activities of ATD are property development and investment. ATD owns a parcel of land with an area of approximately 7,128 square metres located at Novos Aterros do Porto Exterior (新口岸外港填海區), Macau. It is currently under construction. According to the proposed development plan, the land would be developed into a complex comprising the high-end residential units, a super-deluxe hotel with casino facilities, commercial units and parking. The Group's share of profit in the associated company for the year ended 31 March 2008 was approximately HK$3.0 million. As at 31 March 2008, over 80% of the residential units were sold.

FUTURE OUTLOOK

After the completion of the acquisition of the hotel and entertainment operations in the Philippines and Macau in October 2007, the Group focuses on the hotel operations and the leasing of properties for casino ancillary leisure and entertainment operations as they become the new core activities of the Group.

The Group also engages in the investments in production of films, television series, music concerts and music records. The Group will continue to seek for investment opportunities in these areas in Asia region, especially in Hong Kong and the People's Republic of China (the "PRC").

The Group will continue to explore the leisure and entertainment markets for opportunities in those sectors that have potential growth in the long run. The objective is to strive for better return to the shareholders of the Company. The broadened revenue base will reinforce the growth strategy of the Company and diversify the geographical coverage of the Company's business interests.

In addition, the Directors will continue to conduct the review of its financial structure and the composition of its assets and liabilities periodically and may consider further re-engineering such structure and composition in an optimal way. The Directors may in the future scale down or adjust areas of operations where appropriate.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2008, the Group's net current assets amounted to approximately HK$258.9 million (as at 31 March 2007: approximately HK$176.2 million). Current assets amounted to approximately HK$1,173.8 million (as at 31 March 2007: approximately HK$309.4 million), of which approximately HK$913.3 million (as at 31 March 2007: approximately HK$194.4 million) was cash, bank deposits and pledged deposits, approximately HK$32.5 million (as at 31 March 2007: approximately HK$5.8 million) was trade receivables, approximately HK$12.7 million (as at 31 March 2007: approximately HK$13.8 million) was available-for-sale financial assets, approximately HK$43.3 million (as at 31 March 2007: approximately HK$34.8 million) was other receivables, deposits and prepayments, approximately HK$30.5 million (as at 31 March 2007: approximately HK$59.1 million) was film costs and approximately HK$9.1 million (as at 31 March 2007: nil) was assets classified as held for sale.

The Group had current liabilities amounted to approximately HK$914.9 million (as at 31 March 2007: approximately HK$133.2 million), of which approximately HK$74.3 million (as at 31 March 2007: approximately HK$92.9 million) was trade payables, approximately HK$51.5 million (as at 31 March 2007: approximately HK$24.9 million) was other payables and accrued charges, approximately HK$561.2 million (as at 31 March 2007: nil) was promissory notes, approximately HK$141.2 million (as at 31 March 2007: nil) was conversion option derivative, approximately HK$75.9 million (as at 31 March 2007: approximately HK$12.9 million) was bank borrowings due within one year, and approximately HK$7.1 million (as at 31 March 2007: nil) was liabilities associated with assets classified as held for sale.

As at 31 March 2008, the Group had bank borrowings amounted to approximately HK$195.8 million denominated in Philippine Peso (as at 31 March 2007: approximately HK$12.9 million denominated in United States dollars and bore interest at the announced base rate of interest of Bank of America Corporation plus 0.75% to 1.5% per annum), of which approximately HK$75.9 million bore interest at the Philippine Interbank Offered Rate plus 1.5% per annum and would be due within one year; and approximately HK$119.9 million bore interest at the Philippine Interbank Offered Rate plus 1.5% per annum and would be due over one year. The bank borrowings were secured under the guarantee of letters of credit issued by a bank in Hong Kong. The letters of credit are secured by pledged bank deposits of approximately US$44,862,000 (equivalent to approximately HK$349,924,000).

During the year, the Group issued non-interest bearing promissory notes of approximately HK$642.3 million which was unsecured and repayable on demand. During the year, the Group settled part of the promissory notes amounting to approximately HK$81.1 million.

The gearing ratio, measured in terms of total borrowings divided by total assets, was approximately 24.5% as at 31 March 2008, compared to approximately 4.1% as at 31 March 2007.

The Group financed its operations generally with internally generated cash flows, the present available credit facilities, the proceeds from the rights issue of shares and the issue of the convertible note.

On 28 August 2007, the Company completed a rights issue of 943,325,788 shares of HK$1.00 each in the capital of the Company at a subscription price of HK$1.50 per share. The gross proceeds from the rights issue was approximately HK$1,415 million, which was principally used to finance the acquisition of the hotel and entertainment operations in the Philippines and Macau (the "Acquisition").

On 11 October 2007, the Company issued a HK$400,000,000 convertible note due in three years, which bears interest at the rate of 1% per annum, convertible into ordinary shares of the Company at an initial conversion price of HK$2.00 per share, subject to customary adjustments for among other things, subdivision or consolidation of shares, bonus issues, rights issues and other events which have diluting effects on the issued share capital of the Company. The convertible note was issued by the Company as part of the consideration of the Acquisition. No conversion was made by the holder of the convertible note during the period from 11 October 2007 to 31 March 2008. The principal amount of the convertible note outstanding as at 31 March 2008 was HK$400,000,000.

CHARGES ON GROUP ASSETS

As at 31 March 2008, the Group's bank deposits of approximately HK$349.9 million (as at 31 March 2007: approximately HK$13.9 million) have been pledged to banks to secure banking facilities granted to the Group.

In addition, a share with the nominal value of MOP72,000 in ATD, an associated company of the Company, representing 40% equity interest, has been pledged to certain financial institutions in Hong Kong and Macau for a syndicated loan facility of HK$1.5 billion obtained by ATD.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 23 November 2004, the Company, Cross-Growth Co. Ltd. ("Cross-Growth") and Chow Tai Fook Enterprises Limited ("CTF") entered into a conditional acquisition agreement pursuant to which the Company agreed conditionally to acquire the entire issued share capital of Fortune Gate Overseas Limited, a company incorporated in the British Virgin Islands. As announced on 17 March 2005, the Company exercised the option in favour of the Company to purchase 40% equity interest in the Arc of Triumph Development Company Limited, a company incorporated in Macau on 17 March 2005. On 11 October 2007, the acquisition of the hotel and entertainment operations in the Philippines and Macau was completed. Details of the acquisition are set out in the announcements of the Company dated 23 November 2004, 17 March 2005, 29 September 2005, 6 January 2006, 22 June 2006, 3 August 2006, 11 August 2006, 22 December 2006, 27 June 2007, 9 July 2007, 13 July 2007, 1 August 2007 and 11 October 2007, and the circular of the Company dated 29 June 2007.

On 27 December 2007, the Company entered into a conditional sale and purchase agreement for the disposal of its entire interest in COAG. COAG and its subsidiaries are principally engaged in network solutions and project services. The disposal was completed in April 2008. Immediately after the completion of the disposal, the Group would cease to carry on the business of provision of network solutions and project services. Details of the disposal are set out in the announcements of the Company dated 2 January 2008 and 3 March 2008, and the circular of the Company dated 23 January 2008.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries and affiliated companies, which would have been required to be disclosed under the GEM Listing Rules, for the year ended 31 March 2008.

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 long term growth and development potential, enhance long term profitability, and strive for better return to the shareholders.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

As at 31 March 2008, the Group's assets and liabilities were mainly denominated in Hong Kong dollars, United States dollars and Philippine Peso. The Group primarily earns its revenue in Hong Kong dollars, United States dollars and Philippine Peso while the Group primarily incurs costs and expenses in mainly Hong Kong dollars, United States dollars and Philippine Peso. In particular, the Group's business in the Philippines principally receives revenue in Philippine Peso and United States dollars while it settles its liabilities mainly in Philippine Peso. Save for the United States dollars cash deposited by the Group with the bank for the security of the bank borrowings denominated in Philippine Peso as a mean of hedging, the Group has not implemented any formal hedging policy.

CONTINGENT LIABILITIES

As at 31 March 2008, the Group did not have any significant contingent liabilities.

As at 31 March 2007, the Group had the following contingent liabilities.

(a) On 24 February 2006, Crystal Sky LLC (as claimant) initiated an arbitration proceedings against Media 8 Entertainment (as respondent) in respect of certain claims by Crystal Sky LLC for payments of sales commission purportedly owed by Media 8 Entertainment/ MDP Worldwide under an agreement between the parties dated 14 August 2000, damages and costs amounting to approximately US$553,000 (equivalent to approximately HK$4.3 million). The parties have settled the litigation during the year ended 31 March 2008.

(b) DEJ Productions, Inc. ("DEJ"), Blockbuster, Inc. and First Look Studios, Inc. (as plaintiffs) against Media 8 Entertainment and MDP Distribution Inc. (as defendants) on 20 September 2006 before the court in Texas, USA (this originally having been a complaint lodged by Media 8 Entertainment and MDP Distribution Inc. (as plaintiffs) against DEJ, Blockbuster, Inc. and First Look Studios, Inc. (as defendants) on 26 January 2006 before the court in Los Angeles which was subsequently transferred to Texas). The litigation was brought in respect of a breach of contract claim by Media 8 Entertainment and MDP Distribution Inc. regarding the exploitation and distribution by DEJ of the film "Monster" pursuant to a licensing agreement granted by them, as well as claims of breach of fiduciary duty, intentional interference with contracts, intentional interference with prospective business relations, and fraud. In July 2007, the courts granted a motion that DEJ, Blockbuster, Inc. and First Look Studios, Inc. were realigned as defendants, while Media 8 Entertainment and MDP Distribution Inc. were realigned as plaintiffs in the case. The parties have settled the litigation during the year ended 31 March 2008.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group was 372 as at 31 March 2008 (as at 31 March 2007: 39). The staff costs for the year ended 31 March 2008 was approximately HK$45.7 million (for the year ended 31 March 2007: approximately HK$26.0 million). The remuneration of employees of the Group was based on the performance and experience of individuals and was determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, employee benefits included medical scheme, insurance, retirement benefits schemes and share option scheme.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is the comparison of the actual business progress to the information provided under the section headed "Statement of Business Objective" in the circular of the Company dated 29 June 2007 in relation to the Acquisition (the "Circular"). The Company was treated as a deemed new listing applicant as a result of the acquisition, which was completed on 11 October 2007.

For the period from 11 October 2007 to 31 March 2008

Business objectives stated in the Circular	**Actual business progress**
Game/service development	
Negotiate with other close by hotels to provide shuttle bus services to Makati	An independent shuttle service — "Hop-on, Hop-off" has been introduced which covers all hotels and major tourist attractions and destinations in Manila and Makati areas.
Cover the pool deck partially to develop outdoor events and maximize utilization of the outside area	For catering the growing of golf market, the Group eyes to develop Pool area into a golf putting area instead of covering it.

Business objectives stated in the Circular	Actual business progress
System improvement	
Complete installation and expansion of public area wireless internet access	Installation of public area wireless internet access has been completed. Wireless internet coverage now includes the Pool bar, Market Café, The Lounge Regency club, Business Centre, Le Salon, & remote connection for areas like bayview and exhibit hall.
Complete wireless application for micros handheld terminals at the poolbar	The use of handheld terminals has been temporarily discontinued. The Group is reviewing the new application from Global Hyatt concerning the use of wireless device.
Implement wireless applications for micros handheld terminals at the function rooms	The use of handheld terminals has been temporarily discontinued. The Group is reviewing the new application from Global Hyatt concerning the use of wireless device.
Improve network security	Set up of Linux proxy server has been completed to control internet access and limit web sites which the users can visit.
Implement workflow applications using Lotus Notes as the platform as may be required by operations	Setup of new databases in Lotus Notes called BEO Log and Group Resumes have been completed.
Implement remote access to email and network services	VPN access is now available for most of the employees. Access is given to selected associates requiring a connection while on business trips.
Implement business intelligence tools like data warehousing and data mining	A nightly export routine in Opera has been setup to send the checked out guest data to the corporate office. This will be used to auto-populate the data mining cube.
New computer equipment acquisition	
Regular upgrade of business centre and public relation hardware and software to keep up with the latest technology	The computers in Business Centre have been replaced with the latest central processing unit. Network attached storage device and high-speed tape drive has been acquired for data storage. Hard disk with high capacity has been purchased for additional external storage. The public relation hardware and software has been upgrade to keep up with the latest in technology.

Business objectives stated in the Circular	Actual business progress
Marketing activities	
Estimated marketing budget will be approximately Peso 15 million	Marketing budget has been revised to Peso 19 million.
Set up fairs in Tokyo, Osaka, Nagoya and Fukuoka	Hyatt fairs have been setup in Tokyo, Osaka, Nagoya and Fukuoka. Trade show in Singapore for the ASEAN Tourism Forum has also been set up. The Group has also attended the World Travel Fair in Shanghai; and ASEAN Tourism Forum in Bangkok.
Set up travel and trade shows in Manila	The Group has participated in selected Wedding fairs around Metro Manila.
Explore local sales business in Batangas, Laguna, Cavite, Cebu and Davao	Visits to accounts in Batangas, Laguna, Cavite, Cebu and Davao have been made and business acquired and developed.
Form partnership with airline, credit card and telecommunication companies	Loyalty programmes with airline companies and partnership with credit card companies have been formed.
Set up roadshow with Philippines Department of Tourism and Philippine Amusement and Gaming Corporation ("PAGCOR")	The Group has participated in the Asia's Gem exhibition.
Macau operation	
Commence construction of the structure of podium floors	Construction of the property is in progress.
Start commence fitting out work of the casino	Fitting out work of the casino is in progress.
Media business	
Attend film festivals	Film festivals have been attended.
Continue to recruit staff to develop the business in Asia	Recruitment has been made.
Seek to form strategic alliances with media companies in major cities in the PRC and Asia	The Group has liaised with potential partners and cooperative discussion is in progress.
Produce music concerts in Hong Kong	The Group has produced two music concerts in Hong Kong. They were <Sam Hui • HK Stadium • Live> in December 2007 and <Priscilla Chan 活出生命 II Live 2008> in February 2008 and co-produced several music concerts in Hong Kong and major cities in the PRC. The Group has also produced and released two music albums in Hong Kong. They were <Sam Hui • 人生多麼好> in October 2007 and <VEGA • THE VEGA> in February 2008.

The board of directors (the "Board") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008, together with comparative figures for the year ended 31 March 2007.

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 March 2008

	NOTES	**2008** **HK$'000**	2007 HK$'000
Continuing operations			
Revenue	4	**303,732**	118,617
Cost of sales		**(149,596)**	(191,812)
Gross profit (loss)		**154,136**	(73,195)
Other income	6	**50,937**	16,806
Change in fair value of conversion option derivative		**64,800**	–
Selling and distribution costs		**(17,800)**	(12,786)
General and administrative expenses		**(108,029)**	(36,462)
Share of profit of an associate		**2,963**	–
Finance costs	7	**(27,540)**	(4,390)
Profit (loss) before taxation	8	**119,467**	(110,027)
Taxation	9	**(12,641)**	(1,000)
Profit (loss) for the year from continuing operations		**106,826**	(111,027)
Discontinued operations			
Profit for the year from discontinued operations		**966**	214
Profit (loss) for the year		**107,792**	(110,813)
Attributable to:			
Equity holders of the Company		**76,455**	(110,813)
Minority interests		**31,337**	–
		107,792	(110,813)
Earnings (loss) per share	10		
From continuing and discontinued operations			
Basic		**HK$0.08**	HK$(0.16)
Diluted		**HK$0.03**	HK$(0.16)
From continuing operations			
Basic		**HK$0.08**	HK$(0.16)
Diluted		**HK$0.03**	HK$(0.16)

CONSOLIDATED BALANCE SHEET
At 31 March 2008

	NOTES	**2008** **HK$'000**	2007 HK$'000
Non-current assets			
Property, plant and equipment		**730,298**	1,473
Investment properties		**1,480,482**	–
Goodwill		**–**	–
Investment in an associate		**570,379**	–
Other assets		**9,502**	–
Pledged bank deposits		**349,924**	–
		3,140,585	1,473
Current assets			
Inventories		**4,553**	1,581
Film costs		**30,453**	59,089
Available-for-sale financial assets		**12,672**	13,786
Trade receivables	11	**32,486**	5,759
Other receivables, deposits and prepayments	11	**43,271**	34,761
Amounts due from related companies		**13**	41
Amount due from an associate		**127,992**	–
Pledged bank deposits		**–**	13,853
Bank balances and cash		**913,262**	180,538
		1,164,702	309,408
Assets classified as held for sale		**9,092**	–
		1,173,794	309,408
Current liabilities			
Trade payables	12	**74,335**	92,859
Other payables and accrued charges	12	**51,538**	24,892
Tax liabilities		**1,000**	1,260
Amounts due to related companies		**2,591**	1,330
Promissory notes		**561,235**	–
Conversion option derivative		**141,200**	–
Bank borrowings		**75,875**	12,853
		907,774	133,194
Liabilities associated with assets classified as held for sale		**7,112**	–
		914,886	133,194
Net current assets		**258,908**	176,214
Total assets less current liabilities		**3,399,493**	177,687

	2008 HK$'000	2007 HK$'000
Non-current liabilities		
Bank borrowings	**119,920**	–
Convertible note	**302,002**	–
Deferred tax liabilities	**468,852**	–
Other liabilities	**678**	–
	891,452	–
	2,508,041	177,687
Capital and reserves		
Share capital	**1,179,157**	235,831
Share premium and reserves	**756,014**	(58,144)
Equity attributable to equity holders of the Company	**1,935,171**	177,687
Minority interests	**572,870**	–
Total equity	**2,508,041**	177,687

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2008

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000 (Note)	Investment revaluation reserve HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 April 2006	235,831	263,832	53,022	–	–	(2,162)	(263,031)	287,492	–	287,492
Fair value change in available-for-sale financial assets	–	–	–	188	–	–	–	188	–	188
Exchange differences on translation to presentation currency	–	–	–	–	–	820	–	820	–	820
Net income recognised directly in equity	–	–	–	188	–	820	–	1,008	–	1,008
Loss for the year	–	–	–	–	–	–	(110,813)	(110,813)	–	(110,813)
Total recognised income and expense for the year	–	–	–	188	–	820	(110,813)	(109,805)	–	(109,805)
At 1 April 2007	235,831	263,832	53,022	188	–	(1,342)	(373,844)	177,687	–	177,687
Fair value change in available-for-sale financial assets	–	–	–	(1,114)	–	–	–	(1,114)	–	(1,114)
Exchange differences on translation to presentation currency	–	–	–	–	–	60,121	–	60,121	55,766	115,887
Net income and expenses recognised directly in equity	–	–	–	(1,114)	–	60,121	–	59,007	55,766	114,773
Profit for the year	–	–	–	–	–	–	76,455	76,455	31,337	107,792
Total recognised income and expense for the year	–	–	–	(1,114)	–	60,121	76,455	135,462	87,103	222,565
Acquisition of subsidiaries	–	–	–	–	222,120	–	–	222,120	485,767	707,887
Issue of shares	943,326	471,663	–	–	–	–	–	1,414,989	–	1,414,989
Transaction costs attributable to issue of shares	–	(15,087)	–	–	–	–	–	(15,087)	–	(15,087)
At 31 March 2008	1,179,157	720,408	53,022	(926)	222,120	58,779	(297,389)	1,935,171	572,870	2,508,041

Note: Merger reserve of the Group represents the difference between the share capital and share premium of Cyber On-Air Multimedia Limited (formerly known as HKcyber Limited) whose shares were exchanged for the Company's shares and the nominal amount of share capital issued by the Company pursuant to the Group Reorganisation. Cyber On-Air Multimedia Limited was disposed during the year.

1. GENERAL

The Company is a public listed company incorporated in the Cayman Islands and its shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 31 July 2000. Its immediate holding company is Mediastar International Limited (incorporated in British Virgin Islands). Its intermediate holding company and ultimate holding company are Chow Tai Fook Enterprises Limited ("CTF") (incorporated in Hong Kong) and Cheng Yu Tung Family (Holdings) Limited (incorporated in British Virgin Islands) respectively.

The consolidated financial statements are presented in Hong Kong dollars as 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. On 11 October 2007, the Group acquired the entire equity interest of Fortune Gate Overseas Limited and its subsidiaries, which operations are mainly located in the Philippines and the currency of the primary economic environment in which they operate is Philippine Peso ("Peso"). The acquisition constitutes a very substantial acquisition for the Group. In the opinion of the directors, the functional currency of the Group changed from the United States dollars ("USD" or "US$") to Peso in the current year.

The Company is an investment holding company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions

The adoption of these New HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirement of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs [1]
HKAS 27 (Revised)	Consolidated and separate financial statements [2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [1]
HKFRS 3 (Revised)	Business combinations [2]
HKFRS 8	Operating segments [1]
HK(IFRIC) – INT 12	Service concession arrangements [3]
HK(IFRIC) – INT 13	Customer loyalty programmes [4]
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction [3]

1 Effective for accounting periods beginning on or after 1 January 2009.
2 Effective for accounting periods beginning on or after 1 July 2009.
3 Effective for accounting periods beginning on or after 1 January 2008.
4 Effective for accounting periods beginning on or after 1 July 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business combinations" are recognised at their fair values at the acquisition date.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The result and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that requires delivery of assets with the time frame established by regulation or convention in the market price. The accounting policies adopted in respect of each category of financial assets are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, pledged bank deposits, amounts due from related companies, amount due from an associate and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss ("FVTPL") and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities at fair value through profit or loss

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including trade payables, other payables, amounts due to related companies, promissory notes and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible note

Convertible note issued by the Group that contains both liability and conversion option components is classified separately into respective items on initial recognition.

Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion option components are recognised at fair value.

In subsequent periods, the liability component of the convertible note is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible note is allocated to the liability and conversion option components in proportion to their relative fair values. Transaction costs relating to the conversion option derivative is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible note using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payment transactions

Share options granted to employees of the Group after 7 November 2002 and vested on or after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

At the time when the share options are exercised, the amount previously recognised in the share option reserve will be transferred to share premium and share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to accumulated losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has been passed.

Engineering service income is recognised over the relevant contract period on straight line basis.

Other service income is recognised when the services are rendered.

Income from the licensing of the distribution rights over films is recognised when the film production is complete, the Group's entitlement to such payments has been established which is upon the delivery of the master copy or materials to the distributors and the collectibility of proceeds is reasonably assured.

Hotel revenue from room rentals, food and beverage sale and other ancillary service is recognised when service is rendered.

Rental income from properties let to Philippine Amusement and Gaming Corporation ("PAGCOR") under operating leases, less franchise tax, is recognised at a certain percentage of net gaming revenue of the casino or a fixed rental amount, whichever is higher. Rental income is recognised in the consolidated income statement in the periods in which they are earned.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the supply of goods or services, or for administrative purposes are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties using the straight line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Impairment losses of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Film costs

Film costs represent film right and films and animation series produced by the Group or acquired by the Group.

Film rights are stated at cost less accumulated amortisation and any identified impairment loss. Amortisation is charged to the consolidated income statement based on the proportion of actual income earned during the year to the total estimated income from the distribution of film rights.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases to PAGCOR is recognised at a certain percentage of net gaming revenue of the casino or fixed rental amount, whichever is higher. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the exchange reserve.

Retirement benefits costs

Payments to retirement benefits schemes are charged as an expense when the employees have rendered service entitling them to the contribution.

4. REVENUE

	2008 HK$'000	2007 HK$'000
The Group's revenue comprises:		
Continuing operations		
Entertainment business		
Film and television programme production and distribution licensing	**67,591**	118,617
Music concerts and sale of music records	**8,059**	–
	75,650	118,617
Hotel		
Room revenue	**48,623**	–
Food and beverages	**32,035**	–
Other hotel service income	**4,618**	–
	85,276	–
Leasing of properties	**142,806**	–
	303,732	118,617
Discontinued operations		
Sales of goods	**12,282**	7,824
Service income	**15,966**	10,869
	28,248	18,693
	331,980	137,310

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into three operating divisions, namely hotel, leasing and entertainment business. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Hotel	–	Operation of hotel business
Leasing	–	Leasing of properties
Entertainment business	–	Production and licensing of theatrical motion pictures in a variety of genres and investments in production of television series, music concerts and sales of music records

The Group was also engaged in the businesses of (i) network solutions segment – provision of total system solution including data networking solution, synchronisation solution, timing solution, wireless local area network solution and network access control solution and (ii) project services and (iii) others segment – provision of infrastructure installation services for customers which include cellular base station and antenna system installation service, structural cabling installation service and microwave installation service. These operations were discontinued during the year ended 31 March 2008 or to be discontinued within twelve months since the balance sheet date. The corresponding business segments were classified as discontinued operations accordingly.

Segment information about these businesses is presented below.

Consolidated income statement for the year ended 31 March 2008

	Continuing operations					Discontinued operations				
	Hotel HK$'000	Leasing HK$'000	Entertainment business HK$'000	Elimination HK$'000	Total HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Total HK$'000	Consolidated HK$'000
REVENUE										
External sales	85,276	142,806	75,650	–	303,732	12,282	14,690	1,276	28,248	331,980
Inter-segment sales	–	355	–	(355)	–	–	–	–	–	–
Total	85,276	143,161	75,650	(355)	303,732	12,282	14,690	1,276	28,248	331,980
RESULTS										
Segment results	(12,807)	75,325	(10,233)	(355)	51,930	2,769	2,887	963	6,619	58,549
Other income					50,937				540	51,477
Change in fair value of conversion option derivative					64,800				–	64,800
Unallocated corporate expenses					(23,623)				(5,963)	(29,586)
Share of profit of an associate					2,963				–	2,963
Finance costs					(27,540)				–	(27,540)
Profit before taxation					119,467				1,196	120,663
Taxation					(12,641)				(230)	(12,871)
Profit for the year					106,826				966	107,792

Note: Inter-segment sales are charged at prevailing market rates.

Consolidated balance sheet at 31 March 2008

	Hotel HK$'000	Leasing HK$'000	Entertainment business HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS							
Segment assets	682,983	1,589,461	56,037	1,563	3,062	25	2,333,131
Investment in an associate							570,379
Unallocated corporate assets							1,410,869
Consolidated total assets							4,314,379
LIABILITIES							
Segment liabilities	27,197	4,912	88,277	1,506	3,179	534	125,605
Unallocated corporate liabilities							1,680,733
Consolidated total liabilities							1,806,338

Other information for the year ended 31 March 2008

	Continuing operations					Discontinued operations				
	Hotel HK$'000	Leasing HK$'000	Entertainment business HK$'000	Others HK$'000	Total HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Total HK$'000	Consolidated HK$'000
Additions to property, plant and equipment, investment properties and film costs	**2,623**	**2,249**	**23,280**	**53**	**28,205**	**46**	**5**	**476**	**527**	**28,732**
Additions to property, plant and equipment and investment properties arising from acquisition of subsidiaries	**648,863**	**1,505,649**	**–**	**–**	**2,154,512**	**–**	**–**	**–**	**–**	**2,154,512**
Depreciation and amortisation	**36,990**	**52,906**	**24,878**	**309**	**115,083**	**102**	**1**	**238**	**341**	**115,424**
Loss on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**	**1**
Impairment loss recognised in respect of film costs	**–**	**–**	**26,681**	**–**	**26,681**	**–**	**–**	**–**	**–**	**26,681**
Allowance for obsolete inventories	**–**	**–**	**444**	**–**	**444**	**–**	**–**	**–**	**–**	**444**
Allowance for bad and doubtful debts	**28**	**–**	**651**	**–**	**679**	**–**	**–**	**–**	**–**	**679**

Consolidated income statement for the year ended 31 March 2007

	Continuing operations	Discontinued operations				
	Entertainment business HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Total HK$'000	Consolidated HK$'000
REVENUE						
External sales	118,617	7,824	9,469	1,400	18,693	137,310
RESULTS						
Segment results	(111,634)	2,268	2,640	988	5,896	(105,738)
Other income	16,806				66	16,872
Unallocated corporate expenses	(10,809)				(5,050)	(15,859)
Finance costs	(4,390)				(438)	(4,828)
(Loss) profit before taxation	(110,027)				474	(109,553)
Taxation	(1,000)				(260)	(1,260)
(Loss) profit for the year	(111,027)				214	(110,813)

Consolidated balance sheet at 31 March 2007

	Entertainment business HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	80,919	3,376	3,540	–	87,835
Unallocated corporate assets					223,046
Consolidated total assets					310,881
LIABILITIES					
Segment liabilities	106,567	3,380	3,195	674	113,816
Unallocated corporate liabilities					19,378
Consolidated total liabilities					133,194

Other information for the year ended 31 March 2007

	Continuing operations	Discontinued operations				
	Entertainment business HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Total HK$'000	Consolidated HK$'000
Additions to property, plant and equipment and film costs	48,547	–	–	807	807	49,354
Depreciation and amortisation	89,115	116	–	1,048	1,164	90,279
Loss on disposal of property, plant and equipment	141	–	–	11	11	152
Impairment loss recognised in respect of film costs	102,815	–	–	–	–	102,815
Allowance for obsolete inventories	–	7	38	–	45	45
Allowance for bad and doubtful debts	1,053	32	–	–	32	1,085

Geographical segments

The Group's operations are located in Hong Kong, elsewhere in the People's Republic of China (the "PRC"), the United States of America (the "USA") and the Republic of the Philippines (the "Philippines").

The Group's hotel and leasing business are mainly carried out in the Philippines. Entertainment business, network solutions and project services are derived from geographical locations other than the Philippines.

The following table provides an analysis of the Group's revenue by geographical location of the Group's customers:

	Revenue by geographical market	
	2008	2007
	HK$'000	HK$'000
Hong Kong	**35,958**	20,321
Elsewhere in the PRC	**350**	1,022
USA	**44,005**	46,301
Europe	**22,310**	65,358
The Philippines	**228,082**	–
Asia other than Hong Kong, the PRC and the Philippines	**1,275**	4,308
	331,980	137,310

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, investment properties and film costs, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment, investment properties and film costs		Additions to property, plant and equipment and investment properties arising from acquisition of subsidiaries	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong	**20,518**	15,100	**5,045**	1,417	**–**	–
Elsewhere in the PRC	**950**	943	**3**	55	**–**	–
The Philippines	**2,272,444**	–	**4,872**	–	**2,154,512**	–
USA	**39,219**	71,792	**18,812**	47,882	**–**	–
	2,333,131	87,835	**28,732**	49,354	**2,154,512**	–

6. OTHER INCOME

	2008 HK$'000	2007 HK$'000
Continuing operations		
Gain on disposal of available-for-sale financial assets	–	5,434
Gain on disposal of subsidiaries	1,796	–
Interest income on bank deposits	37,219	9,972
Imputed interest income on amount due from an associate	3,104	–
Interest income on amount due from an associate	85	–
Sundry income	1,144	1,100
Dividend income from listed securities	712	300
Net foreign exchange gain	6,877	–
	50,937	16,806
Discontinued operations		
Interest income on bank deposits	78	64
Sundry income	462	2
	540	66
	51,477	16,872

7. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Continuing operations		
Interest on bank borrowings – repayable within five years	9,538	7,838
Effective interest expense on convertible note	18,002	–
	27,540	7,838
Less: Amount capitalised in film costs	–	(3,448)
	27,540	4,390
Discontinued operations		
Interest on loans from related companies	–	308
Interest on loans from directors	–	65
Interest on other borrowings – repayable within five years	–	65
	–	438
	27,540	4,828

8. PROFIT (LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit (loss) before taxation has been arrived at after charging (crediting):						
Allowance for bad and doubtful debts	**679**	1,053	**–**	32	**679**	1,085
Allowance for obsolete inventories (included in cost of sales)	**444**	–	**–**	45	**444**	45
Amortisation of film costs (included in cost of sales)	**24,304**	88,862	**–**	–	**24,304**	88,862
Auditor's remuneration	**3,593**	2,647	**70**	32	**3,663**	2,679
Cost of inventories recognised as an expense	**10,755**	–	**20,859**	12,097	**31,614**	12,097
Depreciation of property, plant and equipment	**56,503**	253	**341**	1,164	**56,844**	1,417
Depreciation of investment properties	**34,276**	–	**–**	–	**34,276**	–
Impairment loss recognised in respect of film costs (included in cost of sales)	**26,681**	102,815	**–**	–	**26,681**	102,815
Loss on disposal of property, plant and equipment	**–**	141	**1**	11	**1**	152
Net foreign exchange (gain) loss	**(6,877)**	222	**11**	(2)	**(6,866)**	220
Rental expenses under operating leases on						
– premises	**6,442**	3,848	**512**	150	**6,954**	3,998
– equipment	**195**	203	**28**	80	**223**	283
	6,637	4,051	**540**	230	**7,177**	4,281
Gross rental income from leased properties and entertainment equipment	**(142,806)**	–	**–**	–	**(142,806)**	–
Less: Direct operating expenses from leased properties and entertainment equipment that generated rental income	**67,836**	–	**–**	–	**67,836**	–
	(74,970)	–	**–**	–	**(74,970)**	–
Staff costs, including directors' emoluments						
– salaries and allowances	**40,580**	21,871	**4,486**	3,607	**45,066**	25,478
– retirement benefits schemes contributions	**401**	317	**193**	192	**594**	509
	40,981	22,188	**4,679**	3,799	**45,660**	25,987

9. TAXATION

	2008	2007
	HK$'000	HK$'000
Continuing operations		
Current tax – Hong Kong	**–**	1,000
Deferred taxation	**12,641**	–
	12,641	1,000
Discontinued operations		
Current tax – Hong Kong	**235**	260
Overprovision in prior year – Hong Kong	**(5)**	–
	230	260
Taxation	**12,871**	1,260

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

A subsidiary operating in the Philippines had entered into a lease agreement with PAGCOR, a company solely owned by the Philippines government and the rental income received or receivable from PAGCOR is exempted from Philippines profits tax.

The income tax rate of the Company's subsidiaries operating in Hong Kong is 17.5% for both years.

The income tax rate of the Company's subsidiaries operating in the USA is 36.8% for both years.

The income tax rate of the Company's newly acquired subsidiaries operating in the Philippines is 35%.

The taxation charge for the year can be reconciled to the profit (loss) per the consolidated income statement as follows:

	Philippines		USA		Hong Kong		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit (loss) before taxation								
– Continuing operations	**76,593**	–	**(1,757)**	(91,286)	**44,631**	(18,741)	**119,467**	(110,027)
– Discontinued operations	**–**	–	**–**	–	**1,196**	474	**1,196**	474
	76,593	–	**(1,757)**	(91,286)	**45,827**	(18,267)	**120,663**	(109,553)
Tax at the domestic rates applicable to profits in the country concerned	**26,808**	–	**(647)**	(33,593)	**8,019**	(3,197)	**34,180**	(36,790)
Tax effect of expenses not deductible for tax purpose	**1,732**	–	**1,542**	13,535	**3,493**	2,924	**6,767**	16,459
Tax effect of income not taxable for tax purpose	**(21,558)**	–	**(32)**	–	**(15,382)**	(1,716)	**(36,972)**	(1,716)
Tax effect of utilisation of tax losses or deductible temporary difference not previously recognised	**–**	–	**(6,065)**	–	**(38)**	(23)	**(6,103)**	(23)
Tax effect of tax losses and deductible temporary not recognised	**5,659**	–	**5,411**	20,058	**4,888**	3,280	**15,958**	23,338
Overprovision in prior year	**–**	–	**–**	–	**(5)**	–	**(5)**	–
Effect of different tax rates of subsidiaries operating in other jurisdiction	**–**	–	**–**	–	**(280)**	(158)	**(280)**	(158)
Others	**–**	–	**(209)**	–	**54**	150	**(155)**	150
Taxation effect of share of profit of an associate	**–**	–	**–**	–	**(519)**	–	**(519)**	–
Taxation charge for the year	**12,641**	–	**–**	–	**230**	1,260	**12,871**	1,260

10. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

The calculation of basic and diluted earnings (loss) per share attributable to the equity holders of the Company for the year ended 31 March 2008 together with the comparative figures for 2007 are based on the following data:

	2008	2007
	HK$'000	HK$'000
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share (profit (loss) for the year attributable to equity holders of the Company)	**76,455**	(110,813)
Effect of dilutive potential ordinary shares in respect of convertible note:		
– Change in fair value of conversion option derivative	**(64,800)**	–
– Effective interest expense	**18,002**	–
Earnings (loss) for the purpose of diluted earnings (loss) per share	**29,657**	(110,813)

	2008	2007
	In thousand	In thousand
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**981,881**	694,572
Effect of dilutive potential ordinary shares from convertible note	**94,535**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**1,076,416**	694,572

The weighted average number of ordinary shares for the purpose of basic earnings (loss) per share for both years has been adjusted for the effect of rights issue in August 2007.

The calculation of diluted loss per share for each of the year ended 31 March 2008 and 2007 did not assume the exercise of the subsidiary's outstanding share options since they are not dilutive.

From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to the equity holders of the Company is based on the following data:

Earnings (loss) figures are calculated as follows:

	2008 HK$'000	2007 HK$'000
Profit (loss) for the year attributable to equity holders of the Company	**76,455**	(110,813)
Less: Profit for the year from discontinued operations attributable to equity holders of the Company	**966**	214
Earnings (loss) for the purpose of basic earnings (loss) per share from continuing operations	**75,489**	(111,027)
Effect of dilutive potential ordinary shares in respect of convertible note:		
Change in fair value of conversion option derivative	**(64,800)**	–
Effective interest expense	**18,002**	–
Earnings (loss) for the purpose of diluted earnings (loss) per share	**28,691**	(111,027)

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

From discontinued operations

Basic and diluted earnings per share for the discontinued operations are HK0.10 cent (2007: HK0.03 cent) and HK0.09 cent (2007: HK0.03 cent) per share respectively based on the profit for the year from the discontinued operations of approximately HK$966,000 (2007: HK$214,000) and the denominators detailed above for both basic and diluted earnings per share.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2008 HK$'000	2007 HK$'000
Trade receivables	**32,556**	5,791
Less: Allowance for doubtful debts for trade receivables	**(70)**	(32)
	32,486	5,759
Other receivables, deposits and prepayments	**47,999**	38,693
Less: Allowance for doubtful debts for other receivables	**(4,728)**	(3,932)
	43,271	34,761
Total trade receivables, other receivables, deposits and prepayments	**75,757**	40,520

The average credit terms for trade and other receivables granted by the Group range from 0 to 90 days. A longer period is granted to customers with whom the Group has a good business relationship and which are in sound financial condition. The aged analysis of trade receivables net of allowance for doubtful debts at balance sheet date is as follows:

	2008	2007
	HK$'000	HK$'000
Aged:		
0 – 30 days	**31,231**	3,306
31 – 60 days	**307**	750
61 – 90 days	**141**	779
Over 90 days	**807**	924
	32,486	5,759

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. At 31 March 2008, trade receivables with carrying amount of HK$29,637,000 (2007: HK$3,473,000) are neither past due nor impaired and the directors of the Company considered these trade receivables are of good credit quality.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$2,849,000 (2007: HK$2,286,000) which are past due at the balance sheet date for which the Group has not provided for impairment loss as these trade receivables are either settled subsequent to the balance sheet date or the respective customers have good repayment history. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance of doubtful debts as at balance sheet date. The Group does not hold any collateral over these balances. The average age of these receivables is 45 days (2007: 75 days).

Ageing of trade receivables which are past due but not impaired

	2008	2007
	HK$'000	HK$'000
0 – 30 days	**1,594**	348
31 – 60 days	**307**	235
61 – 90 days	**141**	779
Over 90 days	**807**	924
Total	**2,849**	2,286

The Group has provided fully for all trade and other receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

Movement in the allowance for doubtful debts for trade and other receivables

	2008	2007
	HK$'000	HK$'000
Balance at beginning of the year	**3,964**	2,917
Exchange adjustments	**187**	(38)
Impairment losses recognised on trade and other receivables	**679**	1,085
Amount classified as assets held for sale	**(32)**	–
Balance at end of the year	**4,798**	3,964

Included in the allowance for doubtful debts are individually impaired trade and other receivables with an aggregate balance of approximately HK$4,798,000 (2007: HK$3,964,000) which have either been placed under liquidation or in severe financial difficulties.

12. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

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

The aged analysis of trade payables at the balance sheet date is as follows:

	2008	2007
	HK$'000	HK$'000
Aged:		
0 – 30 days	**4,962**	3,821
31 – 60 days	**1,786**	390
61 – 90 days	**60**	270
Over 90 days	**67,527**	88,378
	74,335	92,859

The average credit period on purchase of goods is 90 days. There is no fixed repayment term for trade payables arising from film production.

DIVIDENDS
The board of directors does not recommend the payment of a final dividend for the year ended 31 March 2008 (2007: nil).

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.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES
The Company has complied with the Code on Corporate Governance Practices as set out in the Appendix 15 of the GEM Listing Rules during the year ended 31 March 2008, except for the following deviations:

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

The chairman of the Board had not attended the annual general meeting of the Company held on 17 September 2007 as he was having his business commitment at the time of such meeting. One of the executive directors were elected as the chairman of the annual general meeting and responded to the questions of the shareholders. The management considers that the Board endeavor to maintain an on-going dialogue with shareholders.

AUDIT COMMITTEE
The Company has established an audit committee in July 2000 with written terms of reference in compliance with the requirements of the GEM Listing Rules. The audit committee has three members comprising two independent non-executive directors, namely Mr. Cheung Hon Kit and Mr. Wong Chi Keung and a non-executive director, Mr. Wu Wing Kin. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. During the year, the audit committee met four times with the executive Directors and the management to review the financial reporting process, internal controls of the Group, the Company's reports and accounts including the annual results for the year ended 31 March 2008, and provided advice and recommendations to the board of directors. The Audit Committee also met with external auditors once to discuss the financial reporting process and internal controls of the Group during the year.

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

Hong Kong, 25 June 2008

As at the date of this announcement, the Board comprises the following members:

Executive Directors:
Cheng Kar Shun *(Chairman)*
Lo Lin Shing, Simon *(Deputy Chairman)*
To Hin Tsun, Gerald
Cheng Kam Chiu, Stewart
Cheng Kam Biu, Wilson
Cheng Chi Kong
Cheng Chi Him

Non-Executive Director:
Wu Wing Kin

Independent Non-Executive Directors:
Cheung Hon Kit
Kwee Chong Kok, Michael
Wong Chi Keung

This announcement will remain at www.hkgem.com on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting and on the website of the Company at www.ientcorp.com.