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 2009

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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 2009 was approximately HK$483.5 million, representing an increase of approximately 59.2%, as compared with approximately HK$303.7 million in the last year. The increase in revenue was mainly contributed by the revenue from the lease of properties and hotel operations in the Philippines during the year. The Group reported a gross profit from continuing operations of approximately HK$213.4 million for the year under review, representing an increase of approximately 38.4%, as compared with approximately HK$154.1 million in the last year. The increase in gross profit from continuing operations was mainly due to the contributions from the business operations in the Philippines during the year.

Other income from continuing operations for the year ended 31 March 2009 was approximately HK$34.0 million, representing a decrease of approximately 33.2%, as compared with approximately HK$50.9 million in the last year.

Selling and distribution costs, and general and administrative expenses from continuing operations increased by approximately 32.7% to approximately HK$167.0 million for the year ended 31 March 2009 from approximately HK$125.8 million in the last year. The increase was mainly due to the inclusion of the full year effect of the expenses incurred by business operations in the Philippines during the year ended 31 March 2009 as compared to the expenses incurred by the operations of hotel and leasing of properties in the Philippines for the period only as from 11 October 2007 to 31 March 2008 being reflected in the expenses for the year ended 31 March 2008.

The Group recorded a gain of approximately HK$73.2 million on change in fair value of conversion option derivative for the year ended 31 March 2009 while it was a gain of approximately HK$64.8 million in the last year. Share of a loss from an associated company during the year ended 31 March 2009 was approximately HK$9.1 million while it was a profit of approximately HK$3.0 million in the last year. Since the acquisition was completed on 11 October 2007, only the results of the associated company during the period from the date of completion of the acquisition to 31 March 2008 were shared by the Group in the last year. Due to the change of economic environment during the year ended 31 March 2009, the Group recognised an impairment loss on available-for-sale financial assets, amounting to approximately HK$11.1 million, during the year ended 31 March 2009.

Finance costs from continuing operations for the year ended 31 March 2009 were approximately HK$43.2 million, representing an increase of approximately 56.7%, as compared with approximately HK$27.5 million in last year. The increase was mainly due to the recognition of the effective interest expense on convertible note for the full fiscal year 2008/09.

The Group recorded a profit from continuing operations for the year ended 31 March 2009, amounted to approximately HK$140.1 million, representing an increase of 31.2%, as compared with approximately HK$106.8 million in the last year. The financial performance was improved mainly due to the contributions from the business operations in the Philippines, as well as the effect of deferred taxation credit.

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 ceased 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 loss for the year ended 31 March 2009 from the discontinued operations, including the provision of the network solutions and project services, was approximately HK$1.4 million, while it was a profit of approximately HK$1.0 million in the last year.

BUSINESS REVIEW

The principal activities of the Group are hotel operations, leasing of properties for casino, ancillary leisure and entertainment operations, and to a lesser extent as compared to the preceding financial year 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. During the year under review, the Group ceased to carry on the business of provision of network solutions and project services.

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 and its subsidiaries 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.

The revenue derived from the leasing of properties and operating the hotel for the year ended 31 March 2009 were approximately HK$295.5 million and HK$157.5 million respectively, representing an increase of approximately 106.9% and 84.6% respectively as compared with the respective revenue in the last year. 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 operating the hotel from the date of completion of acquisition to 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 2009 was approximately HK$30.5 million, representing a decrease of approximately 59.7% as compared with approximately HK$75.7 million in the last year. The revenue comprised primarily from sales of the theatrical feature films under M8 Entertainment Inc. and its subsidiaries (the "M8 Group"). The decrease in revenue resulted from the decrease in number of films produced during the year.

3. Interest in an associated company

A wholly owned subsidiary of the Company held 40% equity interest in Arc of Triumph Development Company Limited ("ATD"), a company incorporated in Macau. The principal activities of ATD are property development and investment, and hotel business. ATD owns a parcel of land with an area of approximately 7,128 square meters 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, which is expected to be completed in the fiscal year 2009/10. The Group's share of loss in the associated company for the year ended 31 March 2009 was approximately HK$9.1 million while it was a profit of approximately HK$3.0 million in the last year. Since the acquisition was completed on 11 October 2007, only the results of the associated company during the period from the date of completion of the acquisition to 31 March 2008 were shared by the Group in the last year.

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.

After taking into account matters related to the conduct of the M8 Group's business, which include, *inter alia,* the pessimistic operations of the M8 Group going forward, the status of the M8 Group's indebtedness to the Company, and the high cost of maintaining subsidiaries in North America, the Directors consider that it is the best interest of the Company not to devote any further resources to the M8 Group and to concentrate on the Company's business and investments in Asia. The Directors also consider that it is appropriate to liquidate the M8 Group in accordance with the relevant overseas regulations so as to enable the Group's current management to focus on its existing hotel and entertainment operations and to explore other leisure and entertainment businesses or opportunities in Asia. The objective is to strive for better return to the shareholders of the Company. On 10 September 2008 (Montreal time), the Company's Canadian legal advisers proceeded with the filing of a Petition for the Issuance of a Liquidation Order before the Superior Court of Quebec in Canada. Details of the development of the liquidation of the M8 Group are set out in the announcements of the Company dated 18 July 2008 and 11 September 2008. The Company will make further announcement in accordance with the GEM Listing Rules for any further development.

In addition, the Directors will continue to conduct the review of the Group's financial structure and the composition of its assets and liabilities periodically and may consider further re-alignment of its investments and business operations.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2009, the Group's net current assets amounted to approximately HK$787.1 million (as at 31 March 2008: approximately HK$258.9 million). Current assets amounted to approximately HK$1,291.3 million (as at 31 March 2008: approximately HK$1,173.8 million), of which approximately HK$704.6 million (as at 31 March 2008: approximately HK$913.3 million) was cash and bank deposits, approximately HK$492.3 million (as at 31 March 2008: approximately HK$128.0 million) was amount due from an associate, approximately HK$34.2 million (as at 31 March 2008: approximately HK$32.5 million) was trade receivables, approximately HK$2.0 million (as at 31 March 2008: approximately HK$12.7 million) was available-for-sale financial assets, approximately HK$39.0 million (as at 31 March 2008: approximately HK$43.3 million) was other receivables, deposits and prepayments, approximately HK$16.0 million (as at 31 March 2008: approximately HK$30.5 million) was film costs , approximately HK$2.6 million (as at 31 March 2008: approximately HK$4.6 million) was inventories and there were no assets classified as assets held for sale (as at 31 March 2008: approximately HK$9.1 million).

The Group had current liabilities amounted to approximately HK$504.2 million (as at 31 March 2008: approximately HK$914.9 million), of which approximately HK$64.1 million (as at 31 March 2008: approximately HK$74.3 million) was trade payables, approximately HK$54.8 million (as at 31 March 2008: approximately HK$51.5 million) was other payables and accrued charges, approximately HK$316.4 million (as at 31 March 2008: approximately HK$561.2 million) was promissory notes, approximately HK$68.0 million (as at 31 March 2008: approximately HK$141.2 million) was conversion option derivative, there were no bank borrowings due within one year as at 31 March 2009 (as at 31 March 2008: approximately HK$75.9 million) and there were no liabilities associated with assets classified as held for sale (as at 31 March 2008: approximately HK$7.1 million).

The promissory notes amounted to approximately HK$316.4 million (as at 31 March 2008: approximately HK$561.2 million) denominated in Hong Kong Dollar. The amounts were unsecured, interest-free and repayable on demand. During the year, the Group has settled part of the promissory notes.

The convertible note was issued by the Company in October 2007, 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 per share, subject to customary adjustments for among other things, subdivision or consolidation of shares, bonus issues, right issues and other events which have diluting effects on the issued share capital of the Company. The principal amount of the convertible note outstanding as at 31 March 2009 was HK$400,000,000.

As at 31 March 2008, the Group had bank borrowings amounted to approximately HK$195.8 million denominated in Philippine Peso, 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). All the bank borrowings were repaid during the year ended 31 March 2009 and the corresponding letters of credit were terminated and the pledged bank deposits were released.

The gearing ratio, measured in terms of total borrowings divided by total assets, was approximately 18.3% as at 31 March 2009, compared to approximately 24.5% as at 31 March 2008.

The Group financed its operations generally with internally generated cash flows and the present available credit facilities.

CHARGES ON GROUP ASSETS

As at 31 March 2009, the Group did not have any charges on the Group's assets.

As at 31 March 2008, the Group's bank deposits of approximately HK$349.9 million were pledged to bank 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, was 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 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 2009.

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 2009, 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 mainly in Hong Kong dollars, United States dollars and Philippine Peso. The Group has not implemented any formal hedging policy. However, the management would monitor foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 March 2009 and 31 March 2008, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group was 391 as at 31 March 2009 (as at 31 March 2008: 372). The staff costs for the year ended 31 March 2009 was approximately HK$64.8 million (for the year ended 31 March 2008: approximately HK$45.7 million). The remuneration of directors and employees of the Group was based on the performance and experience of individuals and was determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, employee benefits included medical scheme, insurance, 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 of the hotel and entertainment operations in the Philippines and Macau (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 1 April 2008 to 30 September 2008

Business objectives stated in the Circular	Actual business progress
Game/service development	
Develop a quality entertainment/bar area/center with live entertainments	The Music Bar would be opened in October 2008.
System improvement	
Continue the application of wireless applications for other outlets as may be required by operations	The use of wireless handheld device for other outlets was discontinued pending the completion and release of guidelines on proper wireless implementation to ensure network, systems and data security.
Continue to improve network security through set up of server to control internet access and limit web sites which the users can visit	The network security has been improved by setting up identity and password control, back-up and offsite storage, anti-virus protection and disaster recovery. Besides, the systems for encrypting credit card information have been upgraded.
Implement workflow applications using Lotus Notes as the platform as may be required by operations	Set up of a new database in Lotus Notes for banquet event orders and group resumes has been completed.
Explore outlets' database to get information about food and beverage guests	Guest data, history of visits, preferences and requirements have been saved into file for further review and analysis.
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 and public relation have been replaced or upgraded

Business objectives stated in the Circular	Actual business progress
Marketing activities	
Estimated marketing budget will be approximately Peso 22 million	Actual marketing expenses incurred during the period amounted to approximately Peso 19.5 million.
Set up Hyatt® fairs in Hong Kong, Singapore, Beijing and Shanghai	The Group has attended Hyatt® fairs in Singapore, Hong Kong, Beijing, Shanghai, Osaka and Tokyo during the period.
Make sales calls in Taipei, Seoul, Hong Kong, Bangkok, Kuala Lumpur and Singapore	Sales calls in Singapore, Hong Kong, Beijing, Shanghai, Osaka and Tokyo have been made.
Set up trade shows in Dubai	Focus has been redirected to Singapore and this market has been tapped through attending the exhibition because Singapore remains a stable source of corporate individual travel business and meetings with a lot of companies having their regional offices in the city.
Set up local sales business in Subic and Clark	The Group has visited accounts in Baguio, Bataan, Subic and Clark.
Form partnership with airline, credit card and telecommunication companies	Partnership with department store prestige cards has been renewed. Discussion in partnership with banks is in progress.
Macau operation	
Complete structure of basement and podium floors	Construction of the basement and podium floors has been completed.
Complete renovation of the basement floors	Renovation of the basement floors is in progress.
Continue fitting out work of casino	Fitting work of casino is in progress.
Commence construction of hotel floors	Construction of hotel floors is in progress.
Commence construction of the residential floors	Construction of the residential floors is in progress.
Commence fitting out work of hotel floors	Fitting out work of hotel floors is in progress.

Business objectives stated in the Circular	Actual business progress
Media business	
Attend film festivals	Film festivals have been attended.
Continue to recruit staff to develop the business in Asia	The recruitment plan is under review due to downturn of media business.
Continue to explore the strategic partnership 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 and in the major cities in the PRC	The Group has co-produced three music concerts in Hong Kong and has commenced to co-produce a concert in the PRC. The Group has also produced and released three music albums in Hong Kong and the PRC.

For the period from 1 October 2008 to 31 March 2009

Business objectives stated in the Circular	Actual business progress
System improvement	
Continue to improve network security using the latest technology as may be required by operations	Upgrade of the Micros POS system from version 2.5 to 3.2 which completes the compliance with Purchase Card Information requirements (PCI compliance) was in progress. Dataguard installation which serves as back up server to ensure continuous systems operations thereby avoiding downtime and data loss would be completed in next quarter. The upgrade also improves the speed of the systems processing during check-in/check-out.
Implement workflow applications using Lotus Notes as the platform as may be required by operations	Workflow of electronic approval of complimentary gift certificate has been modified. License to full Lotus Notes administration has been acquired through offsite training to enhances the capability to create and improve workflow applications in Lotus Notes.

Business objectives stated in the Circular	Actual business progress
Complete the implementation of business intelligence tools	The hotel has completed and fully utilized the iCapex system tools to monitor the approval and acquisition of furniture, fixtures and equipment.
	The hotel has utilized the Essbase software to extract data from Hyperion on-line reporting system which supports financial analyses and special reports requested for monthly and special submissions.
New computer equipment acquisition	
Upgrade or replace old desktop computers	Acquisition of computers for Oasis Club and replacement of the laptops for Regency Club have been made.
Marketing activities	
Estimated marketing budget will be approximately Peso 22 million	Actual marketing expense incurred was approximately Peso 20.4 million.
Set up fairs in Hong Kong, Singapore, Beijing and Shanghai	The Group has participated the China Outbound Travel & Tourism Market in Beijing.
	The Group has participated the Arabic Travel Mart for the Mediterranean market.
Make sales calls in Taipei, Seoul and Hong Kong	Sales calls in Busan, Seoul and Hong Kong have been made.
	In lieu of Taipei, visit has been made to Singapore for the Destination Management Companies and Corporate accounts.
Set up trade shows in Berlin	As the focus has been redirected to the key markets in the Asia region, the Group has cancelled the participation in the Berlin trade show.
Set up travel and trade shows in Manila	The Group has joined the Bridal fairs hosted by The Martha Stewart show and the Angel's Wink bridal fair, in Manila.

Business objectives stated in the Circular	Actual business progress
Form partnership with airline, credit card and telecommunication companies	The Group has formed new partnerships with an international commercial bank. The Group has also formed new partnership with the Solar MVP card.
Set up roadshow with Philippines Department of Tourism and PAGCOR	The Group has participated the Pavilion of Department of Tourism during the ASEAN Tourism Forum. It has also participated the Asia and the Pacific Incentive, Meetings and Exhibitions trade fair in the Pavilion of Department of Tourism.
Macau operation	
Residential units available for occupation	Construction is in progress.
Complete fitting out work of the casino	Fitting outwork is in progress.
Obtain temporary occupancy permit of the casino	Obtainment of occupancy permit was postponed.
Soft opening of the hotel	Soft opening of the hotel was postponed.
Media business	
Attend film festivals	Film festivals have been attended.
Continue to recruit staff to develop the business in Asia	The recruitment plan is under review due to downturn of media business.
Continue to explore the strategic partnership 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 and in the major cities in the PRC	The Group has co-produced a music concert in the PRC.

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 2009, together with comparative figures for the year ended 31 March 2008.

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 March 2009

	Notes	**2009**	2008
		HK$'000	HK$'000
Continuing operations			
Revenue	4	**483,467**	303,732
Cost of sales		**(270,085)**	(149,596)
Gross profit		**213,382**	154,136
Other income	6	**34,036**	50,937
Change in fair value of conversion option derivative		**73,200**	64,800
Selling and distribution costs		**(11,361)**	(17,800)
General and administrative expenses		**(155,595)**	(108,029)
Impairment loss recognised in respect of available-for-sale financial assets		**(11,081)**	–
Share of (loss) profit of an associate		**(9,131)**	2,963
Finance costs	7	**(43,165)**	(27,540)
Profit before taxation	8	**90,285**	119,467
Taxation credit (charge)	9	**49,862**	(12,641)
Profit for the year from continuing operations		**140,147**	106,826
Discontinued operations			
(Loss) profit for the year from discontinued operations		**(1,376)**	966
Profit for the year		**138,771**	107,792
Attributable to:			
Equity holders of the Company		**115,254**	76,455
Minority interests		**23,517**	31,337
		138,771	107,792
Earnings per share	10		
From continuing and discontinued operations			
Basic		**HK$0.10**	HK$0.08
Diluted		**HK$0.06**	HK$0.03
From continuing operations			
Basic		**HK$0.10**	HK$0.08
Diluted		**HK$0.06**	HK$0.03

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Notes	**2009**	2008
		HK$'000	HK$'000
			(Restated)
Non-current assets			
Property, plant and equipment		**565,177**	730,298
Investment properties		**1,166,117**	1,480,482
Goodwill		**–**	–
Investment in an associate		**546,316**	570,379
Other assets		**6,596**	9,502
Pledged bank deposits		**–**	349,924
		2,284,206	3,140,585
Current assets			
Inventories		**2,644**	4,553
Film costs		**15,993**	30,453
Available-for-sale financial assets		**1,988**	12,672
Trade receivables	11	**34,209**	32,486
Other receivables, deposits and prepayments	11	**39,027**	43,271
Amounts due from related companies		**539**	13
Amount due from an associate		**492,271**	127,992
Bank balances and cash		**704,644**	913,262
		1,291,315	1,164,702
Assets classified as held for sale		**–**	9,092
		1,291,315	1,173,794
Current liabilities			
Trade payables	12	**64,063**	74,335
Other payables and accrued charges	12	**54,756**	51,538
Tax liabilities		**1,000**	1,000
Amounts due to related companies		**–**	2,591
Promissory notes		**316,402**	561,235
Conversion option derivative		**68,000**	141,200
Bank borrowings		**–**	75,875
		504,221	907,774
Liabilities associated with assets classified as held for sale		**–**	7,112
		504,221	914,886
Net current assets		**787,094**	258,908
Total assets less current liabilities		**3,071,300**	3,399,493

	2009	2008
	HK$'000	HK$'000
		(Restated)
Non-current liabilities		
Bank borrowings	**–**	119,920
Convertible note	**338,185**	302,002
Deferred tax liabilities	**106,791**	176,960
Other liabilities	**715**	678
	445,691	599,560
	2,625,609	2,799,933
Capital and reserves		
Share capital	**1,179,157**	1,179,157
Share premium and reserves	**809,293**	904,879
Equity attributable to equity holders of the Company	**1,988,450**	2,084,036
Minority interests	**637,159**	715,897
Total equity	**2,625,609**	2,799,933

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2009

	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$'000 (Restated)	**Exchange reserve** HK$'000 (Restated)	**Accu-mulated losses** HK$'000	**Total** HK$'000	**Minority interests** HK$'000 (Restated)	**Total** HK$'000
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	–	–	–	–	–	68,124	–	68,124	63,455	131,579
Net income and expense recognised directly in equity	–	–	–	(1,114)	–	68,124	–	67,010	63,455	130,465
Profit for the year	–	–	–	–	–	–	76,455	76,455	31,337	107,792
Total recognised income and expense for the year	–	–	–	(1,114)	–	68,124	76,455	143,465	94,792	238,257
Acquisition of subsidiaries *(Note 13)*	–	–	–	–	362,982	–	–	362,982	621,105	984,087
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 1 April 2008	1,179,157	720,408	53,022	(926)	362,982	66,782	(297,389)	2,084,036	715,897	2,799,933
Fair value change in available-for-sale financial assets	–	–	–	(10,684)	–	–	–	(10,684)	–	(10,684)
Exchange differences on translation	–	–	–	–	–	(211,237)	–	(211,237)	(102,255)	(313,492)
Total expense recognised directly in equity	–	–	–	(10,684)	–	(211,237)	–	(221,921)	(102,255)	(324,176)
Profit for the year	–	–	–	–	–	–	115,254	115,254	23,517	138,771
Impairment loss on available-for-sale financial assets	–	–	–	11,081	–	–	–	11,081	–	11,081
Total recognised income and expense for the year	–	–	–	397	–	(211,237)	115,254	(95,586)	(78,738)	(174,324)
At 31 March 2009	1,179,157	720,408	53,022	(529)	362,982	(144,455)	(182,135)	1,988,450	637,159	2,625,609

Note: Merger reserve of the Group represents the difference between the share capital and share premium of Cyber On-Air Multimedia 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 of during the year ended 31 March 2008.

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 the British Virgin Islands ("BVI")). 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 BVI) respectively.

The functional currency of the Company is Philippine Peso, the currency of the primary economic environment in which the Company's major subsidiaries operate. The consolidated financial statements are presented in Hong Kong dollars 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.

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 the following amendments and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective for the Group's financial year beginning 1 April 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

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 year adjustment has been required.

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)	Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of financial statements[3]
HKAS 23 (Revised)	Borrowing costs[3]
HKAS 27 (Revised)	Consolidated and separate financial statements[4]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1	First time adoption of financial reporting standards[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[3]
HKFRS 3 (Revised)	Business combinations[4]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[3]
HKFRS 8	Operating segments[3]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives[5]
HK(IFRIC) – INT 13	Customer loyalty programmes[6]
HK(IFRIC) – INT 15	Agreements for the construction of real estate[3]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation[7]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners[4]
HK(IFRIC) – INT 18	Transfer of assets from customers[8]

[1] Effective for accounting periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for accounting periods beginning on or after 1 July 2009.
[2] Effective for accounting periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for accounting periods beginning on or after 1 January 2009.
[4] Effective for accounting periods beginning on or after 1 July 2009.
[5] Effective for accounting periods ending on or after 30 June 2009.
[6] Effective for accounting periods beginning on or after 1 July 2008.
[7] Effective for accounting periods beginning on or after 1 October 2008.
[8] Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other 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.

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.

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.

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 ("FVTPL")) 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 within 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments.

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) 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 FVTPL, loans and receivables or held-to-maturity investments. The Group designated its equity investments acquired for long term investments as available-for-sale financial assets.

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 affected.

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; or

- 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 and other 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 FVTPL and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than those financial liability designated as at FVTPL, of which the interest expense is included in finance costs.

Financial liabilities at fair value through profit or loss

A financial liability is classified as held for trading if it is a derivative that is not designated and effective as a hedge of instrument.

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.

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.

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.

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 on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 January 2005
The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

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, if any, 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, if any, 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.

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 is recognised at a certain percentage of net gaming revenue of the casino or a fixed rental amount, whichever is higher. Fixed rental income is recognised in the consolidated income statement on a straight-line basis over the lease term with PAGCOR. Contingent 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 buildings held for use in the supply of goods or services, or for administrative purposes are stated at cost less accumulated depreciation and any identified 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 , if any, 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 over the lease term of the lease contract signed with PAGCOR and after taking into account of their estimated residual value, if any, 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 rights 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
Fixed rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the lease with PAGCOR.

Contingent rental income from operating leases to PAGCOR is calculated with reference to certain percentage of net gaming revenue of the casino when it is higher than the fixed rental amount. The contingent rental income is recognised in the consolidated income statement in the periods when the relevant net gaining revenue is earned.

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 of income or expense 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, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements.

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. 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

	2009	2008
	HK$'000	HK$'000
The Group's revenue comprises:		
Continuing operations		
Entertainment business		
Film and television programme production and distribution licensing	**28,615**	67,591
Music concerts and sales of music records	**1,876**	8,059
	30,491	75,650
Hotel		
Room revenue	**93,303**	48,623
Food and beverages	**55,208**	32,035
Other hotel service income	**8,942**	4,618
	157,453	85,276
Leasing of properties	**295,523**	142,806
	483,467	303,732
Discontinued operations		
Sales of goods	**448**	12,282
Service income	**403**	15,966
	851	28,248
	484,318	331,980

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 also engaged in the businesses of network solutions and project services. These operations were discontinued immediately after the disposal of Cyber On-Air Group Limited and its subsidiaries on 25 April 2008.

Segment information about these businesses is presented below.

Consolidated income statement for the year ended 31 March 2009

	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	157,453	295,523	30,491	–	483,467	448	331	72	851	484,318
Inter-segment sales	–	645	–	(645)	–	–	–	–	–	–
Total	157,453	296,168	30,491	(645)	483,467	448	331	72	851	484,318
RESULTS										
Segment results	(29,989)	111,257	(25,619)	–	55,649	113	29	26	168	55,817
Other income					34,036				1	34,037
Change in fair value of conversion option derivative					73,200				–	73,200
Unallocated corporate expenses					(9,223)				(1,545)	(10,768)
Impairment loss recognised in respect of available-for-sale financial assets					(11,081)				–	(11,081)
Share of loss of an associate					(9,131)				–	(9,131)
Finance costs					(43,165)				–	(43,165)
Profit (loss) before taxation					90,285				(1,376)	88,909
Taxation credit					49,862				–	49,862
Profit (loss) for the year					140,147				(1,376)	138,771

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

Consolidated balance sheet at 31 March 2009

	Hotel HK$'000	Leasing HK$'000	Entertainment business HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	**526,437**	**1,264,856**	**36,513**	**1,827,806**
Investment in an associate				**546,316**
Unallocated corporate assets				**1,201,399**
Consolidated total assets				**3,575,521**
LIABILITIES				
Segment liabilities	**21,609**	**4,319**	**89,230**	**115,158**
Unallocated corporate liabilities				**834,754**
Consolidated total liabilities				**949,912**

Other information for the year ended 31 March 2009

	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 and investment properties	2,407	34,711	86	–	37,204	–	–	–	–	37,204
Depreciation	67,556	152,090	259	209	220,114	–	–	–	–	220,114
Loss on disposal and write-off of property, plant and equipment	51	–	52	2	105	–	–	–	–	105
Impairment loss recognised in respect of film costs	–	–	9,418	–	9,418	–	–	–	–	9,418
Impairment loss recognised in respect of amount due from a related company	–	–	–	13	13	–	–	–	–	13
Impairment loss recognised in respect of available-for-sale financial assets	–	–	–	11,081	11,081	–	–	–	–	11,081
Allowance for obsolete inventories	–	–	2,971	–	2,971	–	–	–	–	2,971
Allowance for bad and doubtful debts for trade and other receivables and deposits	139	–	3,194	–	3,333	–	–	–	–	3,333

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 charge					(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 (Restated)
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							1,388,841
Consolidated total liabilities							1,514,446

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 and investment properties	2,623	2,249	982	53	5,907	46	5	476	527	6,434
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	36,990	52,906	574	309	90,779	102	1	238	341	91,120
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 for trade and other receivables and deposits	28	–	651	–	679	–	–	–	–	679

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 carried out in the Philippines. Entertainment business is derived from geographical locations other than the Philippines. In addition, the Group discontinued all businesses related to network solutions and project services that are mainly carried out in Hong Kong.

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

	Revenue by geographical market	
	2009 HK$'000	2008 HK$'000
Hong Kong	**5,740**	35,958
Elsewhere in the PRC	**–**	350
USA	**11,359**	44,005
Europe	**14,120**	22,310
The Philippines	**452,976**	228,082
Asia other than Hong Kong, elsewhere in the PRC and the Philippines	**123**	1,275
	484,318	331,980

Note: The revenue derived from geographical locations other than Hong Kong, elsewhere in the PRC and the Philippines were contributed by the subsidiaries of which the Group proposed to voluntarily liquidate them and had appointed a Canadian legal advisers to proceed a filing of a petition for the issuance of a liquidation order before the superior court of Quebec in Canada.

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

	Carrying amount of segment assets		Additions to property, plant and equipment and investment properties		Additions to property, plant and equipment and investment properties arising from acquisition of subsidiaries	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong	**5,445**	20,518	**3**	1,559	**–**	–
Elsewhere in the PRC	**53**	950	**–**	3	**–**	–
The Philippines	**1,791,293**	2,272,444	**37,118**	4,872	**–**	2,154,512
USA	**31,015**	39,219	**83**	–	**–**	–
	1,827,806	2,333,131	**37,204**	6,434	**–**	2,154,512

6. OTHER INCOME

	2009	2008
	HK$'000	HK$'000
Continuing operations		
Gain on disposal of subsidiaries	**364**	1,796
Interest income	**24,779**	40,408
Sundry income	**760**	1,144
Dividend income from listed securities	**72**	712
Net foreign exchange gain	**8,061**	6,877
	34,036	50,937
Discontinued operations		
Interest income on bank deposits	**1**	78
Sundry income	**–**	462
	1	540
	34,037	51,477

7. FINANCE COSTS

	2009	2008
	HK$'000	HK$'000
Continuing operations		
Interest on bank borrowings – repayable within five years	**2,982**	9,538
Effective interest expense on convertible note	**40,183**	18,002
	43,165	27,540

8. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit before taxation has been arrived at after charging (crediting):						
Allowance for bad and doubtful debts for trade and other receivables and deposits	**3,333**	679	**–**	–	**3,333**	679
Allowance for obsolete inventories (included in cost of sales)	**2,971**	444	**–**	–	**2,971**	444
Amortisation of film costs (included in cost of sales)	**12,352**	24,304	**–**	–	**12,352**	24,304
Auditor's remuneration	**1,819**	3,593	**–**	70	**1,819**	3,663
Cost of inventories recognised as an expense	**20,196**	10,755	**618**	20,859	**20,814**	31,614
Depreciation of property, plant and equipment	**103,998**	56,503	**–**	341	**103,998**	56,844
Depreciation of investment properties	**116,116**	34,276	**–**	–	**116,116**	34,276
Impairment loss recognised in respect of film costs (included in cost of sales)	**9,418**	26,681	**–**	–	**9,418**	26,681
Impairment loss recognised in respect of amount due from a related company	**13**	–	**–**	–	**13**	–
Loss on disposal and write-off of property, plant and equipment	**105**	–	**–**	1	**105**	1
Net foreign exchange (gain) loss	**(8,061)**	(6,877)	**–**	11	**(8,061)**	(6,866)
Rental expenses under operating leases on						
– premises	**8,136**	6,442	**43**	512	**8,179**	6,954
– equipment	**82**	195	**2**	28	**84**	223
	8,218	6,637	**45**	540	**8,263**	7,177
Gross rental income from leased properties and entertainment equipment	**(295,523)**	(142,806)	**–**	–	**(295,523)**	(142,806)
Less: Direct operating expenses from leased properties and entertainment equipment that generated rental income *(Note)*	**184,911**	67,836	**–**	–	**184,911**	67,836
	(110,612)	(74,970)	**–**	–	**(110,612)**	(74,970)
Staff costs, including directors' emoluments						
– salaries and allowances	**63,973**	40,580	**394**	4,486	**64,367**	45,066
– retirement benefits schemes contributions	**417**	401	**15**	193	**432**	594
	64,390	40,981	**409**	4,679	**64,799**	45,660

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

9. TAXATION CREDIT (CHARGE)

	2009 HK$'000	2008 HK$'000
Continuing operations		
Deferred taxation		
Current year	**29,000**	(12,641)
Attributable to a change in tax rate	**20,862**	–
	49,862	(12,641)
Discontinued operations		
Current tax – Hong Kong	**–**	(235)
Overprovision in prior year – Hong Kong	**–**	5
	–	(230)
Taxation credit (charge)	**49,862**	(12,871)

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. No provision for Hong Kong Profits Tax has been made as the Group's operations in Hong Kong had no assessable profits for the year. Hong Kong Profits Tax was calculated at 17.5% of the estimated assessable profit derived from the discontinued operations for the year ended 31 March 2008.

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

A subsidiary operating in the Philippines had entered into a lease agreement with PAGCOR, a company solely owned by the Philippines government, such that the subsidiary is entitled to the tax exemptions in respect of the rental income received or receivable from PAGCOR being exempted from the Philippines corporate income tax. In addition, according to the lease agreement, if the subsidiary is required to make any payment of the Philippines corporate tax in relation to any rental income received or receivable from PAGCOR, PAGCOR shall indemnify the subsidiary such payment.

The corporate income tax rate in the Philippines changed from 35% to 30% with effective on 1 January 2009. The deferred tax liabilities has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled. Accordingly, reduction in opening deferred tax liabilities in relation to change in tax rate of approximately HK$20,862,000 has been credited to the consolidated income statement.

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

10. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share attributable to the equity holders of the Company for the year ended 31 March 2009 together with the comparative figures for 2008 are based on the following data:

	2009	2008
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the Company)	**115,254**	76,455
Effect of dilutive potential ordinary shares in respect of convertible note:		
– Change in fair value of conversion option derivative	**(73,200)**	(64,800)
– Effective interest expense	**40,183**	18,002
Earnings for the purpose of diluted earnings per share	**82,237**	29,657

	2009	2008
	In thousand	In thousand
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,179,157**	981,881
Effect of dilutive potential ordinary shares from convertible note	**200,000**	94,535
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,379,157**	1,076,416

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2008 had been adjusted for the effect of rights issue in August 2007.

The calculation of diluted earnings per share of each of the year ended 31 March 2009 and 2008 does not assume the exercise of a subsidiary's outstanding share options. The directors consider that the value of the subsidiary is lower than the exercise price as the subsidiary was delisted in March 2007 and had consolidated net liabilities as at 31 March 2009 and 2008.

From continuing operations

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

Earnings figures are calculated as follows:

	2009 HK$'000	2008 HK$'000
Profit for the year attributable to equity holders of the Company	**115,254**	76,455
Less: (Loss) profit for the year from discontinued operations attributable to equity holders of the Company	**(1,376)**	966
Earnings for the purpose of basic earnings per share from continuing operations	**116,630**	75,489
Effect of dilutive potential ordinary shares in respect of convertible note:		
Change in fair value of conversion option derivative	**(73,200)**	(64,800)
Effective interest expense	**40,183**	18,002
Earnings for the purpose of diluted earnings per share from continuing operations	**83,613**	28,691

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

From discontinued operations

Basic loss per share from the discontinued operations for the year ended 31 March 2009 was HK0.12 cent per share (2008: earnings per share of HK0.10 cent) and diluted loss per share from the discontinued operations for the year end 31 March 2009 was nil (2008: earnings per share of HK0.09 cent), based on the loss for the year from discontinued operations of approximately HK$1,376,000 (2008: profit of approximately HK$966,000) and the same denominators detailed above for basis earnings per share (2008: basic and diluted earnings per share).

No diluted loss per share for the year ended 31 March 2009 has been presented as the conversion of the Company's outstanding convertible note would result in a decrease in loss per share from discontinued operations.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2009 HK$'000	2008 HK$'000
Trade receivables	**34,421**	32,556
Less: Allowance for doubtful debts for trade receivables	**(212)**	(70)
	34,209	32,486
Other receivables, deposits and prepayments	**46,902**	47,999
Less: Allowance for doubtful debts for other receivables and deposits	**(7,875)**	(4,728)
	39,027	43,271
Total trade receivables, other receivables, deposits and prepayments	**73,236**	75,757

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:

	2009	2008
	HK$'000	HK$'000
Aged:		
0 – 30 days	28,947	31,231
31 – 60 days	3,443	307
61 – 90 days	515	141
Over 90 days	1,304	807
	34,209	32,486

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:

	2009	2008
	HK$'000	HK$'000
Aged:		
0 – 30 days	3,501	4,962
31 – 60 days	217	1,786
61 – 90 days	–	60
Over 90 days	60,345	67,527
	64,063	74,335

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

13. ACQUISITION OF SUBSIDIARIES

Pursuant to the sale and purchase agreement dated 23 November 2004, the Company conditionally agreed to acquire and Cross-Growth Co., Ltd. ("Cross-Growth"), a wholly owned subsidiary of CTF, conditionally agreed to sell the entire issued share capital of Fortune Gate, all the amounts due from Fortune Gate and its subsidiaries to CTF and its subsidiaries as at the date of completion of the acquisition and 40% equity interests in ATD. After the group reorganisation, details of which are set out in the circular dated 29 June 2007 issued by the Company, Fortune Gate has a 51% equity interest of the subsidiaries operating the hotel and leasing businesses in the Philippines and a 40% equity interest in ATD (the "Fortune Gate Group"). The total consideration for the acquisition was approximately HK$1,492 million of which approximately HK$1,091 million was settled by cash and HK$400 million was settled by issue of convertible note.

The acquisition was completed on 11 October 2007. This acquisition had been accounted for using the purchase method. Discount on acquisition arising as a result of the acquisition was approximately HK$362,982,000 and was credited to the other reserve as deemed contribution from the shareholders.

The Fortune Gate Group is principally engaged in investment holding, hotel operation and leasing of properties. The net assets acquired in the transaction and the discount on acquisition (treated as shareholders' contribution recognised in other reserve) are as follows:

	Acquiree's carrying amount before combination	**Fair value adjustments**	**Fair value**
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
		(Notes a & b)	
Net assets acquired:			
Property, plant and equipment	566,540	161,352	727,892
Investment properties	428,655	997,965	1,426,620
Investment in an associate	567,416	–	567,416
Amount due from an associate	81,581	–	81,581
Other non-current assets	15,905	–	15,905
Pledged bank deposits	505,456	–	505,456
Inventories	2,523	–	2,523
Trade receivables	40,024	–	40,024
Other receivables, deposits and prepayments	8,760	–	8,760
Bank balances and cash	255,819	–	255,819
Trade payables	(11,398)	–	(11,398)
Other payables and accrued charges	(22,897)	–	(22,897)
Shareholders' loans	(642,294)	–	(642,294)
Amounts due to related companies	(4,868)	–	(4,868)
Bank borrowings	(206,182)	–	(206,182)
Deferred tax liabilities	(26,046)	(129,561)	(155,607)
Other non-current liabilities	(459)	–	(459)
Net assets	1,558,535	1,029,756	2,588,291
Minority interests			(621,105)
Discount on acquisition recognised in other reserve as deemed shareholders' contribution			(362,982)
Total consideration			1,604,204
Satisfied by:			
Cash			1,091,645
Convertible note at fair value			490,000
Incidental costs			22,559
			1,604,204
Net cash outflow arising on acquisition:			
Cash consideration paid			1,091,645
Bank balances and cash acquired			(255,819)
Incidental costs			22,559
			858,385

Notes:

(a) *The fair value adjustments in respect of building (included in property, plant and equipment) and investment properties located in the Philippines were determined based on the valuation carried out by Jones Lang LaSalle Sallmanns Limited, independent valuer not connected with the Group. The valuation of the investment properties was arrived at by capitalising the estimated net rental income derived from the existing tenancies of investment properties and taking into account the future growth potential with reference of historical rental income trend achieved in previous years. A steady annual growth rate is assumed over the period of the lease term with the existing tenancies. The valuation of the building was arrived by capitalising the estimated net revenue generated from hotel operations and taking into account future growth potential with reference of historical hotel revenue. The steady annual growth rate is assumed over the next 10 years and a nil growth rate is extrapolated for the remaining years up to the expiry of the lease term of the land of which the hotel building is located.*

(b) *During the year, the deferred tax liability in relation to the fair value adjustment arising from investment properties has been revised by taking into consideration of the rental income received from PAGCOR which is exempted from Philippines corporate income tax. A zero tax rate has to be applied over the lease term with PAGCOR and a tax rate of 35% after the expiry of the lease with PAGCOR. The comparative information has been represented. The deferred tax liabilities at 31 March 2008 was decreased by approximately HK$276,200,000, the other reserve was increased by approximately HK$140,862,000 and the minority interests was increased by approximately HK$135,338,000. The profit or loss for the year ended 31 March 2008 is not restated as the impact on the change of deferred tax liabilities to consolidated income statement resulting from the recalculation is considered immaterial.*

Fortune Gate Group contributed approximately HK$228 million and approximately HK$88 million to the Group's revenue and profit for the period between the date of acquisition and 31 March 2008 respectively.

If the acquisition had been completed on 1 April 2007, the Group's total revenue and profit for the year ended 31 March 2008 would have been approximately HK$501 million and HK$191 million respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

DIVIDEND

The board of directors does not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: 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

During the year, the Company was in compliance with the Code on Corporate Governance Practices as set out in the Appendix 15 of the GEM Listing Rules, except for the following deviation:

Code Provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing 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 23 September 2008 as he was having his business commitment at the time of such meeting. One of the executive directors was elected as the chairman of the annual general meeting and responded to the questions of the shareholders. The management considers that the Board 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 three independent non-executive directors, namely Mr. Cheung Hon Kit, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP*. 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 2009, 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
Dr. Cheng Kar Shun
Chairman

Hong Kong, 24 June 2009

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

Independent Non-Executive Directors:
Cheung Hon Kit
Kwee Chong Kok, Michael
Lau Wai Piu
Tsui Hing Chuen, William *JP*

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.