

DONACO INTERNATIONAL LIMITED
Appendix 4D
Half-year financial report

1. Company details

Name of entity:	Donaco International Limited
ABN:	28 007 424 777
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

Revenues from ordinary activities	down	84.5%	to	\$ 6,324,424
Profit for the half-year attributable to the owners of Donaco International Limited	up	n/a %	to	42,513,242
				31 December 2020 31 December 2019
				Cents Cents
Basic earnings/(loss) per share				3.65 (0.18)
Diluted earnings/(loss) per share				3.65 (0.18)

Dividends

No dividends were paid for the half-year ended 31 December 2020.

Comments

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$42,513,242 (31 December 2019: loss of \$1,451,874). This included non-recurring income of \$52,580,600 relating to the proceeds on settlement of the legal disputes over the Star Vegas business. No impairment loss was recognised in the half-year ended 31 December 2020 (31 December 2019: \$3,956,469). The loss excluding the non-recurring income for the half year ended 31 December 2020 was \$10,067,358 (31 December 2019: profit of \$2,504,595, excluding impairment loss).

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>12.31</u>	<u>14.40</u>

4. Control gained over entities

Name of entities (or group of entities)	Not applicable
Date control gained	Not applicable

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	\$ -
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Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-
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DONACO INTERNATIONAL LIMITED
Appendix 4D
Half-year financial report

5. Loss of control over entities

Name of entities (or group of entities)	Not applicable	
Date control lost	Not applicable	
		\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)		-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)		-

6. Dividends

Current period

No dividends were paid for the half-year ended 31 December 2020.

Previous period

No dividends were paid for the half-year ended 31 December 2019.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
Lao Cai International Hotel Joint Venture Company Limited	95.00%	95.00%	(2,358,930)	2,156,480
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
(Loss)/ profit from ordinary activities before income tax			(2,358,930)	2,156,480
Income tax on operating activities			(7,227)	381,182

9. Foreign entities

Details of origin of accounting standards used in compiling the report

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

11. Attachments

Details of attachments (if any):

The Half Year Report of Donaco International Limited for the half-year ended 31 December 2020 is attached.

12. Signed



Signed _____

Date: 26 February 2021

Mr Porntat Amatavivadhana
Non-Executive Chairman

DONACO INTERNATIONAL LIMITED
ABN 28 007 424 777

Half Year Financial Report
31 December 2020

DONACO INTERNATIONAL LIMITED

Contents

31 December 2020

Contents page

Directors' report	6
Auditor's independence declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	23
Independent auditors review report to the members of Donaco International Limited	24
Corporate directory	26

General information

The financial statements cover Donaco International Limited as a consolidated entity consisting of Donaco International Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Donaco International Limited's functional and presentation currency.

Donaco International Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 18
420 George Street
Sydney NSW 2000
Australia

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2021. The directors have the power to amend and reissue the financial statements.

DONACO INTERNATIONAL LIMITED

Directors' report 31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Donaco International Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The following persons were directors of Donaco International Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Norman Mel Ashton - Non-Executive Chairman (resigned 2 September 2020)

Paul Porntat Amatavivadhana - Non-Executive Chairman (effective 2 September 2020, appointed Non-Executive Director 3 August 2020)

Yan Ho Leo Chan - Executive Director (resigned 21 December 2020)

Kurkye Wong - Executive Director (resigned 21 December 2020)

Roderick John Sutton - Non-Executive Director

Simon Vertullo - Non-Executive Director (resigned 2 September 2020)

Lee Bug Huy - Executive Director (appointed 3 August 2020)

Andrew Phillips - Non-Executive Director (appointed 2 September 2020)

Issaraya Intrapaboon - Non-Executive Director (appointed 2 September 2020)

Principal activities

During the financial half-year the principal activities of the consolidated entity consisted of the operation of leisure and hospitality businesses across the Asia Pacific region. This included:

- operation of a hotel and casino in northern Vietnam;
- operation of a hotel and casino in Cambodia.

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$42,513,242 (31 December 2019: loss of \$1,451,874). This included non-recurring income of \$52,580,600 relating to the proceeds on settlement of the legal disputes over the Star Vegas business. No impairment loss was recognised in the half-year ended 31 December 2020 (31 December 2019: \$3,956,469). The loss excluding the non-recurring income for the half year ended 31 December 2020 was \$10,067,358 (31 December 2019: profit of \$2,504,595, excluding impairment loss).

Full details on the financial performance and activities of the consolidated entity are provided in the investor presentation released to the market on the same day as this report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Porntat Amatavivadhana
Non-Executive Chairman

26 February 2021

Auditor's Independence Declaration Under Section 307C of the *Corporations Act 2001* to Directors of Donaco International Limited

As lead auditor for the review of the half year financial report of Donaco International Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, that there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely,
Crowe Sydney



Suwarti Asmono
Partner

Dated at Sydney this 26th day of February 2021

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

DONACO INTERNATIONAL LIMITED
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

		Consolidated	
	Note	31 December 2020	31 December 2019
		\$	\$
Revenue from continuing operations	3	6,324,424	40,913,788
Other income	4	52,580,600	-
Total revenue		<u>58,905,024</u>	<u>40,913,788</u>
Expenses			
Food and beverages		(227,431)	(2,596,134)
Employee benefits expense		(2,628,712)	(12,943,592)
Depreciation and amortisation expense		(4,607,565)	(5,105,524)
Bad debts		(56,406)	-
Impairment of intangible asset	7	-	(3,956,469)
Legal and compliance		(476,153)	(1,615,308)
Marketing and promotions		(480,092)	(2,777,206)
Professional & consultants		(358,926)	(1,078,230)
Property costs		(1,098,398)	(3,557,250)
Telecommunications and hosting		(85,467)	(214,869)
Gaming costs		(61,845)	(1,121,746)
Other expenses		(891,561)	(3,022,968)
Finance costs		(5,550,597)	(2,292,924)
Total expenses		<u>(16,523,153)</u>	<u>(40,282,220)</u>
Profit before income tax expense from continuing operations		42,381,871	631,568
Income tax benefit / (expense)		7,597	(1,990,005)
Profit / (loss) after income tax expense from continuing operations		42,389,468	(1,358,437)
Profit / (loss) after income tax expense for the half-year		42,389,468	(1,358,437)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(15,376,200)	1,379,248
Other comprehensive (loss) / income for the half-year, net of tax		(15,376,200)	1,379,248
Total comprehensive income for the half-year		<u>27,013,268</u>	<u>20,811</u>
<i>Profit / (loss) for the half-year is attributable to:</i>			
Non-controlling interest		(123,774)	93,437
Owners of Donaco International Limited		42,513,242	(1,451,874)
		<u>42,389,468</u>	<u>(1,358,437)</u>
<i>Total comprehensive income from continuing operations for the half-year is attributable to:</i>			
Non-controlling interest		(123,774)	93,437
Owners of Donaco International Limited		27,137,042	(72,626)
		<u>27,013,268</u>	<u>20,811</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

DONACO INTERNATIONAL LIMITED
Statement of profit or loss and other comprehensive income (continued)
For the half-year ended 31 December 2020

	Note	Consolidated 31 December 2020 Cents	31 December 2019 Cents
Profit / (loss) per share for profit attributable to the owners of Donaco International Limited			
Basic earnings / (loss) per share	15	3.65	(0.18)
Diluted earnings / (loss) per share	15	3.65	(0.18)
Dividend per share			
Current year interim dividend declared		-	-

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

DONACO INTERNATIONAL LIMITED
Statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 December 2020	30 June 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	12,681,465	12,630,359
Trade and other receivables		1,828,219	1,280,432
Inventories		747,488	670,810
Other assets		449,174	549,716
Total current assets		<u>15,706,346</u>	<u>15,131,317</u>
Non-current assets			
Property, plant and equipment	6	175,838,598	165,809,709
Intangibles (including licences)	7	27,092,510	29,941,540
Construction in progress		443,160	495,712
Deferred tax assets		20,716	15,163
Other assets		3,832	4,288
Total non-current assets		<u>203,398,816</u>	<u>196,266,412</u>
Total assets		<u>219,105,162</u>	<u>211,397,729</u>
Liabilities			
Current liabilities			
Trade and other payables		20,439,309	41,267,324
Lease liabilities	12	72,783	812,591
Borrowings	8	11,824,152	27,325,224
Income tax payable		-	154,296
Employee benefits		85,397	196,371
Total current liabilities		<u>32,421,641</u>	<u>69,755,806</u>
Non-current liabilities			
Trade and other payables		27,383	40,277
Lease liabilities	12	7,497,522	2,761,061
Borrowings	9	-	907,064
Total non-current liabilities		<u>7,524,905</u>	<u>3,708,402</u>
Total liabilities		<u>39,946,546</u>	<u>73,464,208</u>
Net assets		<u>179,158,616</u>	<u>137,933,521</u>
Equity			
Issued capital		372,584,126	358,372,299
Reserves	10	32,303,318	47,679,518
Accumulated losses		(227,636,815)	(270,150,057)
Equity attributable to the owners of Donaco International Limited		177,250,629	135,901,760
Non-controlling interest		1,907,987	2,031,761
Total equity		<u>179,158,616</u>	<u>137,933,521</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

DONACO INTERNATIONAL LIMITED
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2019	358,656,945	42,188,163	(207,242,713)	2,019,946	195,622,341
Profit / (loss) after income tax for the half-year	-	-	(1,451,874)	93,437	(1,358,437)
Other comprehensive income for the half-year, net of tax	-	1,379,248	-	-	1,379,248
Total comprehensive income / (loss) for the half-year	-	1,379,248	(1,451,874)	93,437	20,811
<i>Transactions with owners in their capacity as owners:</i>					
Shares forfeited	(284,646)	284,646	-	-	-
Share-based payments	-	(35,192)	-	-	(35,192)
Balance at 31 December 2019	<u>358,372,299</u>	<u>43,816,865</u>	<u>(208,694,587)</u>	<u>2,113,383</u>	<u>195,607,960</u>
Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2020	358,372,299	47,679,518	(270,150,057)	2,031,761	137,933,521
Profit / (loss) after income tax for the half-year	-	-	42,513,242	(123,774)	42,389,468
Other comprehensive loss for the half-year, net of tax	-	(15,376,200)	-	-	(15,376,200)
Total comprehensive income / (loss) for the half-year	-	(15,376,200)	42,513,242	(123,774)	27,013,268
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	14,211,827	-	-	-	14,211,827
Balance at 31 December 2020	<u>372,584,126</u>	<u>32,303,318</u>	<u>(227,636,815)</u>	<u>1,907,987</u>	<u>179,158,616</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

DONACO INTERNATIONAL LIMITED
Statement of cash flows
For the half-year ended 31 December 2020

	Note	Consolidated	
		31 December 2020	31 December 2019
		\$	\$
Cash flow from operating activities			
Receipts from customers		9,053,830	48,286,292
Payments to suppliers and employees		(6,718,032)	(30,400,388)
		<u>2,335,798</u>	<u>17,885,904</u>
Interest received		714	23,916
Lease interest paid		(112,537)	(89,042)
Interest and other finance costs paid		(776,918)	(1,589,571)
Government levies, gaming taxes and GST		(57)	(8,598,353)
Net cash flows from operating activities		<u>1,447,000</u>	<u>7,632,854</u>
Cash flow from investing activities			
Payments for property, plant and equipment		(176,932)	(955,971)
Proceeds from disposal of property, plant and equipment		-	73,569
Net cash flows from investing activities		<u>(176,932)</u>	<u>(882,402)</u>
Cash flow from financing activities			
Proceeds from share issue	11	14,412,881	-
Share issue transaction costs	11	(201,054)	-
Proceeds from borrowings		234,534	-
Repayment of borrowings		(14,899,684)	(8,919,680)
Payments for principal elements of lease		(145,923)	-
Net cash flows from financing activities		<u>(599,246)</u>	<u>(8,919,680)</u>
Net increase / (decrease) in cash and cash equivalents		670,822	(2,169,228)
Cash and cash equivalents, beginning of the financial half-year		12,630,359	27,377,908
Effects of exchange rate changes on cash and cash equivalents		(619,716)	(348,490)
Cash and cash equivalents at the end of the financial half-year	5	<u>12,681,465</u>	<u>24,860,190</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Significant accounting policies

These interim financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Going concern

At 31 December 2020, the consolidated entity recorded net current liabilities of AU\$16.7 million. The consolidated entity recorded a net profit after tax of AU\$42.4 million, and net operating cash inflows of AU\$1.4 million for the six months ended on that date.

The net profit after tax of AU\$42.4 million is largely due to the proceeds of US\$38 million (AU\$52.6 million as at 31 December 2020 average rate) received on settlement of all litigation matters over the Star Vegas business. The consolidated entity and the vendors of the Star Vegas business reached settlement agreements as of 2 March 2020, however the agreements were only finalised on approval from Mega Bank which was secured on 21 December 2020. Under the settlement agreements, the US\$38 million (AU\$52.6 million as at 31 December 2020 average rate) that Donaco was to receive to remove the non-competition and non-solicitation clauses in the Share Sale Agreement over the Star Vegas business will offset the US\$20 million (AU\$27.7 million as at 31 December 2020 average rate) in additional lease payment due to the Landlord, as well as US\$18 million (AU\$24.9 million as at 31 December 2020 average rate) of unpaid management fees plus interest to the vendors. No net cash flow has therefore arisen from the settlement.

The net current liabilities primarily arise due to the remaining US\$7.8 million (AU\$10.1 million as at 31 December 2020 spot rate) loan from Mega Bank that is due for repayment by 28 June 2021.

During the period, the consolidated entity successfully completed an entitlement offer that raised approximately AU\$14.4 million. Under the agreement reached with Mega Bank, the proceeds of this capital injection were used to settle the principal repayment that was deferred from June 2020 to December 2020. Mega Bank has also agreed to lower the minimum cash requirement to US\$7.8 million (AU\$10.1 million as at 31 December 2020 spot rate) from AU\$20 million (US\$15.4 million as at 31 December 2020 spot rate). Under the facility agreement, the interest cover and debt ratio covenant testing is only required on an annual basis as at 30 June. There are therefore no remaining effective interest cover and debt ratio covenants, assuming Donaco will make the last payment by June 2021.

Notwithstanding the net current liability position and lingering conditions surrounding COVID-19, management have prepared the 31 December 2020 financial report on a going concern basis. While there has been a tentative resumption of casino operations since the Vietnamese and Cambodian governments lifted temporary closure orders in May and July 2020 respectively, patronage numbers at these casinos are still expected to remain low as international borders with Vietnam and Cambodia remain closed and the majority of the visitors to these casinos are foreign patrons. It is therefore uncertain as to when these businesses may be fully operational given the current COVID-19 environment. However, since the reopening of Star Vegas in late September 2020, Donaco was able to deliver a positive EBITDA in the last quarter of the year. Together with strategic management initiatives, the gradual easing of COVID-19 restrictions in the areas the Company operates has improved the position of the business. Donaco's strategy for 2021 will build on these initiatives, supported by a strengthened balance sheet and cost control strategy.

The Board of Directors acknowledges that there is significant uncertainty over Donaco's ability to meet its working capital requirements and the loan covenants under the Mega Bank loan facility. In the event that Donaco is unable to raise additional capital or debt to meet working capital requirements and the loan repayment in June 2021 and/or there is an extended period before the resumption of normal casino operations, then this could have a material impact on the consolidated entity continuing as a going concern.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has applied the following standards and amendments for the first time in the current reporting period:

- *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material [AASB 101 and AASB 108]*
Amendments have been made to AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and consequential amendments to other Australian Accounting Standards (AAS) which: i) use a consistent definition of materiality throughout AAS and the *Conceptual Framework for Financial Reporting*; ii) clarify when information is material; and iii) incorporate some of the guidance in AASB 101 about immaterial information.
- *Conceptual Framework for Financial Reporting* and AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework*
The AASB has issued a revised Conceptual Framework which introduces a new reporting entity concept. Additionally, the revised Conceptual Framework has updated the definitions of an asset and a liability and the recognition criteria, and introduced new concepts on measurement, presentation and disclosure and new guidance on derecognition of assets and liabilities. Consequential amendments to various other standards have also been made.
- *AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia [AASB 1054]*
Amendments have been made to AASB 1054 *Australian Additional Disclosures* which clarify that entities that intend to comply with IFRS Standards will need to disclose the potential effect of new IFRS Standards that have not yet been issued by the AASB as Australian Accounting Standards.

The above standards and amendments did not have a significant impact on the prior and current period financial statements.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments: Casino Operations - Vietnam, Casino Operations - Cambodia and Corporate Operations. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The consolidated entity is domiciled in Australia and operates predominantly in six countries: Australia, Cambodia, Vietnam, Singapore, Malaysia and Hong Kong. The Casino operations are segmented geographically between casino operations in Vietnam and Cambodia.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Casino Operations - Vietnam	Comprises the Aristo International Hotel operating in Vietnam. These operations include hotel accommodation and gaming and leisure facilities.
Casino Operations - Cambodia	Comprises the Star Vegas Resort and Club, operating in Cambodia. These operations include hotel accommodation and gaming and leisure facilities.
Corporate Operations	Comprises the development and implementation of corporate strategy, commercial negotiations, corporate finance, treasury, management accounting, corporate governance and investor relations functions.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

DONACO INTERNATIONAL LIMITED
Notes to the financial statements
31 December 2020

Note 2. Operating segments (continued)

	Casino Operations Vietnam \$	Casino Operations Cambodia \$	Corporate Operations \$	Total \$
Consolidated - 31 December 2020				
Revenue				
Sales to external customers	608,029	5,696,389	19,292	6,323,710
Interest	143	-	571	714
Total revenue	608,172	5,696,389	19,863	6,324,424
EBITDA				
Depreciation and amortisation	(686,767)	2,898,452	(2,006,799)	204,886
Interest revenue	(1,620,517)	(2,983,283)	(3,765)	(4,607,565)
Non-recurring items	143	-	571	714
Net exchange gains/ (losses)	-	(4,207,506)	52,405,746	48,198,240
Non-controlling interest	27,933	-	(42,840)	(14,907)
Finance costs	-	-	123,774	123,774
	(203,876)	(148,202)	(1,047,419)	(1,399,497)
Profit/(loss) before income tax benefit	(2,483,084)	(4,440,539)	49,429,268	42,505,645
Income tax benefit				7,597
Profit after income tax expense attributable to the owners of Donaco International Limited				42,513,242
Assets				
Segment assets	64,414,789	151,521,437	3,168,936	219,105,162
Total assets				219,105,162
Liabilities				
Segment liabilities	10,318,430	19,260,379	10,367,737	39,946,546
Total liabilities				39,946,546
Consolidated - 31 December 2019				
Revenue				
Sales to external customers	10,256,768	30,633,192	-	40,889,960
Interest	14,948	-	8,880	23,828
Total revenue	10,271,716	30,633,192	8,880	40,913,788
EBITDA				
Depreciation and amortisation	4,636,191	11,652,377	(2,479,742)	13,808,826
Impairment of intangible asset	(1,921,240)	(3,154,690)	(29,594)	(5,105,524)
Interest revenue	-	(3,956,469)	-	(3,956,469)
Non-recurring items	14,948	-	8,880	23,828
Net exchange losses	(2,619)	(864,283)	(834,028)	(1,700,929)
Non-controlling interest	(139,684)	-	(5,556)	(145,240)
Finance costs	-	-	(93,437)	(93,437)
	(317,617)	(89,042)	(1,886,265)	(2,292,924)
Profit/(loss) before income tax expense	2,269,979	3,587,894	(5,319,742)	538,131
Income tax expense				(1,990,005)
Loss after income tax expense to the owners of Donaco International Limited				(1,451,874)
Assets				
Segment assets	80,224,579	184,948,376	5,345,362	270,518,317
Total assets				270,518,317
Liabilities				
Segment liabilities	13,236,923	36,762,864	24,910,570	74,910,357
Total liabilities				74,910,357

DONACO INTERNATIONAL LIMITED
Notes to the financial statements
31 December 2020

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Note 3. Revenue		
Casino		
- Gaming revenue	5,960,129	30,940,270
- Non-gaming revenue	363,581	9,949,690
Interest	714	23,828
Revenue from continuing operations	<u>6,324,424</u>	<u>40,913,788</u>

Gaming revenue represents net house takings arising from casino operations.

Non-gaming revenue represents hotel revenue from room rental, food and beverage sales and other related services recognised when the services are rendered.

Disaggregation of revenue

The consolidated entity derives revenue from the transfer of goods and services over time and at a point in time in the following operating segments:

	Casino Operations Vietnam \$	Casino Operations Cambodia \$	Corporate Operations \$	Total \$
Consolidated - 31 December 2020				
Revenue				
Gaming revenue	405,987	5,554,142	-	5,960,129
Non-gaming revenue	202,042	142,247	19,292	363,581
Interest	143	-	571	714
Total revenue	<u>608,172</u>	<u>5,696,389</u>	<u>19,863</u>	<u>6,324,424</u>
Timing of revenue recognition				
At a point in time	536,635	5,554,671	19,292	6,110,598
Over time	71,537	141,718	571	213,826
	<u>608,172</u>	<u>5,696,389</u>	<u>19,863</u>	<u>6,324,424</u>
Consolidated - 31 December 2019				
Revenue				
Gaming revenue	5,506,861	25,433,409	-	30,940,270
Non-gaming revenue	4,749,907	5,199,783	-	9,949,690
Interest	14,948	-	8,880	23,828
Total revenue	<u>10,271,716</u>	<u>30,633,192</u>	<u>8,880</u>	<u>40,913,788</u>
Timing of revenue recognition				
At a point in time	6,833,695	29,060,698	-	35,894,393
Over time	3,438,021	1,572,494	8,880	5,019,395
	<u>10,271,716</u>	<u>30,633,192</u>	<u>8,880</u>	<u>40,913,788</u>

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Note 4. Other income		
Proceeds on settlement of litigation matters	52,580,600	-
	<u>52,580,600</u>	<u>-</u>

On securing approval from Mega Bank on 21 December 2020 for the settlement agreements of all litigation matters over the Star Vegas business, US\$38 million (AU\$52,580,600 as at 31 December 2020 average rate) have been recognised by the consolidated entity as proceeds to remove the non-competition and non-solicitation clauses previously agreed in the Share Sale Agreement over the Star Vegas business.

DONACO INTERNATIONAL LIMITED
Notes to the financial statements
31 December 2020

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Note 5. Current assets - cash and cash equivalents		
Cash on hand	10,895,473	9,463,849
Cash at bank	1,785,992	3,166,510
	<u>12,681,465</u>	<u>12,630,359</u>
Note 6. Non-current assets - property, plant and equipment		
Leasehold buildings and structures - at cost	160,047,109	177,939,404
Less: Accumulated depreciation	(28,604,251)	(29,513,287)
	<u>131,442,858</u>	<u>148,426,117</u>
Right-of-use asset - at cost (see note 12)	33,933,219	3,549,358
Less: Accumulated depreciation	(223,441)	(120,711)
	<u>33,709,778</u>	<u>3,428,647</u>
Furniture & fittings - at cost	5,234,229	5,695,362
Less: Accumulated depreciation	(5,210,077)	(5,649,274)
	<u>24,152</u>	<u>46,088</u>
Machinery and equipment - at cost	41,367,080	47,906,102
Less: Accumulated depreciation	(31,775,586)	(35,586,636)
	<u>9,591,494</u>	<u>12,319,466</u>
Motor vehicles - at cost	1,920,745	2,344,341
Less: Accumulated depreciation	(1,739,055)	(2,087,510)
	<u>181,690</u>	<u>256,831</u>
Office equipment and other- at cost	3,391,908	3,808,247
Less: Accumulated depreciation	(2,738,227)	(2,833,645)
	<u>653,681</u>	<u>974,602</u>
Consumables	234,945	357,958
	<u>234,945</u>	<u>357,958</u>
Interactive gaming - at cost	3,464,187	3,887,606
Less: Accumulated impairment	(3,464,187)	(3,887,606)
	<u>-</u>	<u>-</u>
	<u>175,838,598</u>	<u>165,809,709</u>
Note 7. Non-current assets - intangibles		
Goodwill - at cost	2,426,187	2,426,187
Land right - at cost	62,515	74,477
Less: Accumulated amortisation	(37,982)	(45,866)
	<u>24,533</u>	<u>28,611</u>
Casino licence - at cost	386,752,092	435,515,568
Less: Impairment	(362,110,302)	(408,028,826)
	<u>24,641,790</u>	<u>27,486,742</u>
	<u>27,092,510</u>	<u>29,941,540</u>

Note 7. Non-current assets - intangibles (continued)

The casino licence relates to the licence to operate the DNA Star Vegas casino acquired on 1 July 2015. The licence is stated at cost less any impairment losses. This intangible asset is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of the cash-generating unit of DNA Star Vegas has been determined based on its value in use. An independent valuation of the 100% equity interest in DNA Star Vegas Company Limited was undertaken as at 30 June 2020. Based on the valuation undertaken as at 30 June 2020, the value in use was determined to be \$102,843,149 (US\$79,207,601).

The Directors have assessed that there were no indications of further impairment of DNA Star Vegas for the half-year to 31 December 2020. No valuation was therefore undertaken to determine the recoverable amount as at 31 December 2020 and no impairment loss was recognised for the period to 31 December 2020.

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$

Note 8. Current liabilities - borrowings

Joint Stock Commercial Ocean Bank	1,897,177	1,390,924
Mega International Commercial Bank Co Ltd	9,706,307	24,990,986
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	220,668	943,314
	<u>11,824,152</u>	<u>27,325,224</u>

Refer to note 9 for further information on assets pledged as security and financing arrangements.

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$

Note 9. Non-current liabilities - borrowings

Joint Stock Commercial Ocean Bank	-	907,064
	<u>-</u>	<u>907,064</u>

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

Joint Stock Commercial Ocean Bank	1,897,177	2,297,988
Mega International Commercial Bank Co Ltd	9,706,307	24,990,986
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	220,668	943,314
	<u>11,824,152</u>	<u>28,232,288</u>

The loan from Mega International Commercial Bank Co Ltd was restructured and refinanced under binding agreements effective June 2019. Under the Amendment Agreement dated 14 August 2020, a repayment of US\$5 million (AU\$6.5 million at 31 December 2020 spot rate) was made in August 2020 on completion of the entitlement offer issued in July 2020 (see note 11). A further repayment of USD\$5 million (AU\$6.5 million at 31 December 2020 spot rate) was also made in December 2020. At the reporting date, the remaining debt totals US\$7.8 million (AU\$10.1 million at 31 December 2020 spot rate) and is expected to be repaid by the final settlement date in June 2021.

In light of the impact to the consolidated entity as result of the COVID-19 global pandemic, Mega Bank has agreed to lower the minimum cash requirement to US\$7.8 million (AU\$10.1 million at 31 December 2020 spot rate) from AU\$20 million (US\$15.4 million at 31 December 2020 spot rate). Under the facility agreement, the interest cover and debt ratio covenant testing is only required on an annual basis as at 30 June. Accordingly, there are no remaining effective interest cover and debt ratio covenants, assuming Donaco will make the last payment by June 2021.

Note 9. Non-current liabilities - borrowings (continued)

Assets pledged as security

The loan from Mega International Commercial Bank Co Ltd is secured by the following:

- i. A parent company guarantee from the parent entity for the debt owed by Donaco Hong Kong Limited;
- ii. A pledge of the shares in Donaco Hong Kong Limited owned by the parent entity;
- iii. A pledge of the shares in DNA Star Vegas Co. Ltd owned by Donaco Hong Kong Limited;
- iv. A pledge of the debt service reserve account maintained by Donaco Hong Kong Limited;
- v. A security assignment of contractual rights held by the parent entity under the purchase agreement for DNA Star Vegas;
- vi. A security agreement over the assets of DNA Star Vegas; and
- vii. A hypothec agreement over the land and buildings of DNA Star Vegas.

Mortgage to Joint Stock Commercial Ocean Bank

A mortgage was registered by the Ocean Bank of Vietnam over the assets of the Aristo International Hotel on 11 July 2011. Total borrowings as per the statement of financial position as at 31 December 2020 under this arrangement were \$1,897,177 (30 June 2020: \$2,297,988).

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn down at any time.

Joint Stock Commercial Bank for Foreign Trade of Vietnam

The loan from the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) was drawn down on 4 November 2020. The borrowing is guaranteed over properties held by Lao Cai International Hotel Joint Venture Company Ltd and is for a term of 9 months. Total borrowings as at 31 December 2020 is \$220,668 (30 June 2020: \$943,314).

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
<i>Financing arrangements</i>		
Unrestricted access was available at the reporting date to the following lines of credit:		
Total facilities		
Bank loans	11,824,152	28,232,288
Used at the reporting date		
Bank loans	11,824,152	28,232,288
Unused at the reporting date		
Bank loans	-	-

Note 10. Equity - reserves

Revaluation surplus reserve	1,855,327	1,855,327
Share-based payment reserve	3,369,254	3,369,254
Foreign currency reserve	27,078,737	42,454,937
	<u>32,303,318</u>	<u>47,679,518</u>

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Revaluation surplus reserve	Share-based payment reserve	Foreign currency reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2020	1,855,327	3,369,254	42,454,937	47,679,518
Foreign currency translation	-	-	(15,376,200)	(15,376,200)
Balance at 31 December 2020	<u>1,855,327</u>	<u>3,369,254</u>	<u>27,078,737</u>	<u>32,303,318</u>

Note 11. Equity - entitlement offer

On 3 July 2020 the company issued a pro-rata, non-renounceable fully underwritten entitlement offer of 1 new share in the company for every 2 shares held by eligible shareholders at a price of \$0.035 for 411,796,609 new shares, to raise approximately AUD14.4 million (before costs). The offer was subsequently completed on 27 July 2020, with a total of 113,692,949 of new shares applied for by shareholders and the remaining 298,103,660 new shares acquired by Mr Lee Bug Tong and Mr Lee Bug Huy. Post completion of the entitlement offer and associated underwriting, Mr Lee Bug Huy and Mr Lee Bug Tong hold a relevant interest in the Company of 42.12%, an increase from their previous interest of 17.99%.

The funds raised were used to make principal repayments to Mega Bank and also to meet the working capital needs of the casino operations and other corporate, administration and transaction costs.

Note 12. Leases

On 15 June 2015, DNA Star Vegas Co., Ltd entered into a lease of 50 years, with rent payable monthly. The lease is in relation to land of approximately 232,189 square meters located in Poi Pet, Cambodia. The remaining lease term at 31 December 2020 is 45 years. Under the terms of the lease agreement, the lease renews automatically for a further 50 years to the extent allowable under Cambodian laws. However, following an application undertaken by the Landlord of DNA Star Vegas, an award was made on 21 August 2019 in the Cambodian arbitration proceedings entitling the Landlord to terminate the lease for the land occupied by DNA Star Vegas. In response, the Company had filed an appeal with the Appeal Court and sought to enter into settlement negotiations with the Landlord to preserve the lease. The dispute between the Landlord of DNA Star Vegas and the company is now resolved, following approval by Mega Bank of the settlement of all litigation matters between the Thai vendor (including the Landlord) and Donaco. As part of the settlement agreements, an amended perpetual lease agreement has been executed as of 2 March 2020 in relation to the DNA Star Vegas lease, which grants Donaco security of tenure over the Star Vegas casino until 15 June 2115. This follows an additional lease payment of US\$20 million to the Landlord. The monthly lease payment is US\$20,000 for the first 5 years from the effective settlement date, US\$30,000 per month starting from the 6th year to the end of the 10th year, and from the 11th year onwards, the monthly rent will increase 3% every 3 years. In addition for the five financial years commencing 1 July 2020, there is an entitlement to share 25% of the Star Vegas business EBITDA in excess of US\$16 million of the EBITDA of the relevant financial year.

While Donaco has security of tenure over the Star Vegas Casino to 15 June 2115 following finalisation of the settlement agreements, the lease liability and right-of-use asset have been calculated as at 31 December 2020 over the remaining 45 years to June 2065.

Lao Cai International Hotel Joint Venture Company Limited has a non-cancellable operating lease commitment over a 50-year term in respect of its casino premises in Lao Cai, Vietnam. The lease commenced 8 April 2011 and the remaining lease term as at 31 December 2020 is approximately 40 years.

On adoption of AASB 16 *Leases*, the company has applied the new rules retrospectively from 1 July 2019. The property leases previously recognised as operating leases are recognised as right-of-use assets and corresponding liabilities as of the date of application. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period. The right-of-use asset is depreciated over the lease term on a straight-line basis.

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Right-of-use assets (recognised as part of property, plant and equipment)		
Properties	33,709,778	3,428,647
	<u>33,709,778</u>	<u>3,428,647</u>

The increase in the right-of-use assets during the half-year to 31 December 2020 is due to the additional lease payment of US\$20 million to the Landlord which grants Donaco security of tenure over the Star Vegas casino until 30 June 2115.

Lease liability

Properties - current	72,782	812,591
Properties - non-current	7,497,522	2,761,061
	<u>7,570,304</u>	<u>3,573,652</u>

The lease liability has been measured at the present value of the remaining lease payments over the term of the lease. For the lease in relation to the land in Cambodia, the lease payments were discounted using an incremental borrowing rate of 6.53%, while the lease payments for the lease in Vietnam were discounted using a discount rate of 9.5%.

Note 12. Leases (continued)

(i) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Depreciation of right-of-use asset (recognised as part of depreciation expense)	<u>143,790</u>	<u>35,097</u>
Interest expense (included in finance cost)	<u>112,537</u>	<u>89,042</u>

The total cash outflow for leases in 2020 was \$258,460.

Note 13. Contingent assets and liabilities

The Directors are not aware of any contingent assets or liabilities at 31 December 2020.

Note 14. Events after the reporting period

On 14 November 2020, the King of Cambodia promulgated the Law on Management of Commercial Gaming ("Law"). This Law will serve as the first and most comprehensive legislation to date to govern the country's gaming industry. The Law consists of 12 Chapters and 97 Articles which are believed to serve as a solid and effective governing foundation for the Cambodian commercial gaming industry going forward.

Pursuant to the letter issued by the Ministry of Economy and Finance ("MOEF") on 31 December 2020, DNA Star Vegas is required to make monthly tax declaration to the Cambodian National Budget account starting from January 2021 onwards, pursuant to articles 81 and 82 of the Law. DNA Star Vegas is required to pay Gaming Duty Revenue based on the percentage of gaming revenue as stated under these articles of the Law, for the duration of holding the gambling licence. For casinos located in integrated commercial gambling centres, the rate of gambling duty revenue is 4% for special gambling guests and 7% for ordinary gambling guests. The rate of gambling duty revenue is 7% for casinos not located in integrated gambling centres. DNA Star Vegas is also required to pay non-gaming tax on non-gaming activities, including salary tax, fringe benefit tax, withholding tax, value added tax, patent tax, minimum tax, advance profit tax, advertising tax and specific tax on entertainment services. As part of the transition to the new Law, the MOEF has issued a letter to temporarily allow all casino operators to continue with the previous tax regime, which are in force and is valid until 31 December 2021.

The Directors are not aware of any other events subsequent to the reporting period that may have a material impact on the financial statements.

Note 15. Earnings / (loss) per share

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Profit / (loss) after income tax	42,389,468	(1,358,437)
Non-controlling interest	<u>123,774</u>	<u>(93,437)</u>
Profit / (loss) after income tax attributable to the owners of Donaco International Limited	<u>42,513,242</u>	<u>(1,451,874)</u>
	Consolidated	
	31 December 2020	31 December 2019
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,164,579,966	823,589,175
Adjustments for calculation of diluted earnings per share:		
Options and warrants over ordinary shares which are dilutive	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,164,579,966</u>	<u>823,589,175</u>
	Cents	Cents
Basic earnings / (loss) per share	3.65	(0.18)
Diluted earnings / (loss) per share	3.65	(0.18)

DONACO INTERNATIONAL LIMITED
Notes to the financial statements
31 December 2020

Note 16. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		31 December 2020	30 June 2020
Donaco Australia Pty Ltd	Australia	100%	100%
Donaco Singapore Pte Ltd	Singapore	100%	100%
Donaco Holdings Ltd *	British Virgin Islands	100%	100%
Donaco Holdings Sdn Bhd *	Malaysia	100%	100%
Lao Cai International Hotel Joint Venture Company Ltd*	Vietnam	95%	95%
Donaco Hong Kong Limited	Hong Kong	100%	100%
Donaco Holdings (Hong Kong) Pte Ltd *	Hong Kong	100%	100%
DNA Star Vegas Co. Limited **	Cambodia	100%	100%
Donaco Investment (S) Pte Ltd *	Singapore	100%	100%

* Subsidiary of Donaco Singapore Pte Ltd
 ** Subsidiary of Donaco Hong Kong Limited

The principal activities of each subsidiary are:

Donaco Australia Pty Ltd - Dormant (previously operated New Zealand games service, discontinued in January 2015).
 Donaco Singapore Pte Ltd - Holding company for Vietnamese casino operations.
 Donaco Holdings Ltd - Cost centre for corporate operations.
 Donaco Holdings Sdn Bhd - Cost centre for corporate operations.
 Donaco Holdings (Hong Kong) Pte Ltd - Cost centre for corporate operations and marketing activities.
 Lao Cai International Hotel Joint Venture Company Ltd - Operates Vietnamese casino operations.
 Donaco Hong Kong Limited - Holding company for Cambodian casino operations.
 DNA Star Vegas Co. Limited - Operates Cambodian casino operations.
 Donaco Investment (S) Pte Ltd - Investment company.

Note 17. Related party transactions

The following transactions occurred with director-related parties:

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Non-competition settlement amount from vendors of DNA Star Vegas	52,580,600	-
Settlement of management fee payable and interest expense to vendors of DNA Star Vegas	(24,906,600)	-
Rental received from Arte Mobile Technology Pte Ltd (subsidiary of Isentric Limited)	-	7,303

The above transactions occurred at commercial rates.

There were no other payables or receivables from related parties at the current or previous reporting date.

DONACO INTERNATIONAL LIMITED
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on the date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Porntat Amatavivadhana
Non-Executive Chairman

Date 26 February 2021

Independent Auditor's Review Report to the Members of Donaco International Limited

Conclusion

We have reviewed the half-year financial report of Donaco International Limited (the Company) and its controlled entities (the consolidated entity), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Donaco International Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity's current liabilities exceeded its current assets by \$16,715,295 as at 31 December 2020. The consolidated entity recorded a net profit after tax of \$42,389,468, which includes a non-recurring income of \$52,580,600 relating to settlement agreements, for the half-year ended on that date. The loss excluding the non-recurring income for the half-year ended 31 December 2020 was \$10,191,132.

As stated in Note 1, the directors have prepared the 31 December 2020 financial report on a going basis and have been taking actions to address these financial positions. Should the events or actions set forth in Note 1 not eventuate, it may result in a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of Donaco International Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Crowe Sydney



Suwarti Asmono
Partner

Dated at Sydney this 26th day of February 2021

Directors

Norman Mel Ashton - Non-Executive Chairman (resigned 2 September 2020)
Paul Pomtat Amatavivadhana - Non-Executive Chairman (effective 2 September 2020, appointed Non-Executive Director 3 August 2020)
Yan Ho Leo Chan - Executive Director (resigned 21 December 2020)
Kurkye Wong - Executive Director (resigned 21 December 2020)
Roderick John Sutton - Non-Executive Director
Simon Vertullo - Non-Executive Director (resigned 2 September 2020)
Lee Bug Huy - Executive Director (appointed 3 August 2020)
Andrew Phillips - Non-Executive Director (appointed 2 September 2020)
Issaraya Intrapai boon - Non-Executive Director (appointed 2 September 2020)

Company secretary

Marika Jane White

Registered office

Level 18
420 George Street
Sydney NSW 2000
Australia

Principal place of business

Level 18
420 George Street
Sydney NSW 2000
Australia

Share register

Automic
Level 5
126 Phillip Street
Sydney NSW 2000

Auditor

Crowe Sydney
Level 15
1 O'Connell St
Sydney NSW 2000

Stock exchange listing

Donaco International Limited shares are listed on the Australian Securities Exchange (ASX code: DNA)

Website

www.donacointernational.com