

ASX RELEASE**22 July 2014****iSentric Spin-off – Notice of Meeting for EGM**

Donaco International Limited (**Donaco**) lodges the attached Notice of Meeting which will be dispatched to shareholders tomorrow, for an Extraordinary General Meeting (**EGM**) to be held on 25 August 2014, in Sydney.

The purpose of the EGM is to seek shareholder approvals to facilitate the proposed spin-off of iSentric Sdn Bhd (**iSentric**), Donaco's mobile technology business. These approvals relate specifically to the proposed in specie distribution to Donaco shareholders of shares in iSentric.

Under the distribution, Donaco shareholders will receive approximately 0.13 shares in iSentric for every Donaco share held. The iSentric shares will be valued at 20 cents each, but the market price may rise and fall after iSentric is separately listed on the ASX.

The last date for trading of Donaco shares on the ASX with an entitlement to iSentric shares is 8 September 2014. Donaco shareholders will have their entitlements determined by the share register as at 7:00pm (Sydney time) on the record date of 12 September 2014.

Donaco shareholders who would receive less than \$500 worth of iSentric shares will not receive shares via the distribution. Instead, their entitlements will be pooled with all others and sold, via a share sale facility. The cash proceeds of the sale, less costs, will be remitted to shareholders.

The cut-off point for receiving iSentric shares is 19,178 Donaco shares. If a Donaco shareholder holds fewer shares on the record date, their entitlement to iSentric shares will be sold as above, and the shareholder will receive the net proceeds in cash.

Donaco shareholders with 19,178 shares or more may also elect to sell their iSentric shares via the share sale facility. Full details are provided in the attached booklet. The share sale election form must be received by Donaco's share registry by 7:00pm Sydney time on 12 September 2014.

Investors should also note that the distribution includes a capital return component. Accordingly, if the distribution proceeds, the exercise price of Donaco options currently on issue will be reduced by 2 cents, as required by the Listing Rules. In particular, the exercise price of the listed DNAO options will be reduced from 30 cents to 28 cents.

If all required approvals are given, Donaco currently expects that the transaction will be completed, and iSentric will be trading on the ASX, by mid September 2014.

For further information:

Ben Reichel
Executive Director
Phone: + 61 412 060 281

ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)

Donaco International Limited operates leisure, entertainment and associated technology businesses across the Asia Pacific region.

Our flagship business is the Aristo International Hotel, a successful boutique casino in northern Vietnam. The business was established in 2002, and is located on the border with Yunnan Province, China. The property has recently been expanded to a brand new five star resort complex with 428 hotel rooms.

Donaco is a pioneer casino operator in Vietnam. Donaco operates the business and owns a 95% interest, in a joint venture with the Government of Vietnam.

Donaco also owns and operates successful gaming technology businesses, including secure mobile payment gateways across South East Asia, and the Way2Bet wagering portal, whose customers include all major corporate bookmakers in Australia.

To learn more about Donaco visit www.donacointernational.com



Donaco International Limited
(ACN 007 424 777)



Notice of General Meeting

A notice of meeting is included in the Appendix to this Booklet. A Proxy Form for the meeting accompanies this Booklet.

Your vote is important in determining whether the Proposal proceeds. This is an important document and requires your urgent attention.

If you are in any doubt as to how to deal with this Booklet, please consult your legal, financial, taxation or other professional adviser immediately.

If you have recently sold all of your Donaco Shares, please disregard all enclosed documents.

Important Notices

General

You should read this Booklet in its entirety before making a decision on how to vote on the resolutions to be considered at the General Meeting. The notice convening the General Meeting is contained in the Appendix to this Booklet. A Proxy Form for the meeting is enclosed.

Purpose of this Booklet

The purpose of this Booklet is to:

- provide Donaco Shareholders with information in relation to the General Meeting and the Proposal;
- explain the terms and effect of the Proposal to Donaco Shareholders; and
- provide such information as is prescribed by the Listing Rules.

ASIC

A copy of this Booklet has been lodged with ASIC. None of ASIC or any of its respective officers takes any responsibility for the contents of this Booklet.

Input from other parties

A copy of the prospectus issued by OMI Holdings Limited and dated 16 July 2014 (**Prospectus**) is enclosed with this Booklet. OMI Holdings Limited has prepared, and is responsible for information contained in the Prospectus. Neither Donaco or any of its representatives assumes any responsibility for the accuracy or completeness of that information.

Voting and investment decisions

The information provided in this Booklet is not financial product advice and does not take into account the investment objectives, financial situation, tax position or requirements of any particular person. Accordingly, nothing in this Booklet should be construed as a recommendation by Donaco or any other person concerning an investment in Donaco, iSentric or OMI.

It is important that you read the entire Booklet before making any voting decision in relation to the Proposal. In particular, it is important that you consider the possible disadvantages and risks associated with the Proposal (see Section 2.2 for further details).

You should carefully consider these factors in light of your particular investment objectives, financial situation, tax position and requirements. If you have any doubts on any of these matters, you should consult your legal, financial, taxation or other professional adviser before deciding how to vote on the Proposal.

Forward looking statements

This Booklet includes certain forward looking statements which have been based on current expectations about future events. The forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward looking statements. The assumptions on which forward

looking statements are based may not prove to be correct or may be affected by matters not currently known to, or considered material by, Donaco. Past performance is no indication of future performance.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Booklet reflect views held only as at the date of this Booklet.

Foreign Jurisdictions

This Booklet has been prepared to comply with Australian law and is only being made available to Donaco Shareholders.

No action has been taken by Donaco to register the OMI Shares to be transferred pursuant to the Distribution in any jurisdiction outside Australia.

The distribution of this Booklet outside Australia may be restricted by law. This Booklet should not be distributed to anyone other than Donaco Shareholders, other than by any Donaco Shareholder in receipt of this Booklet who holds Donaco Shares on behalf of a beneficial owner and provides the Booklet to such beneficial owner, provided that sending this Booklet to the beneficial owner does not constitute a breach of applicable securities laws.

Failure to comply with such restrictions may find you in violation of applicable securities laws.

This Booklet has been prepared having regard to Australian disclosure requirements. These requirements may be different from those in other jurisdictions.

Defined terms

Capitalised terms in this Booklet are defined either in the Glossary in Section 8 of this Booklet or where the relevant term is first used.

References to **dollars** or **\$** are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Booklet are due to rounding.

Important dates and times

General Meeting is held	25 August 2014
Completion of the sale of iSentric to OMI	5 September 2014
Last day for trading Donaco Shares (ASX Code: DNA) on ASX with an entitlement to the Distribution	8 September 2014
Commencement of trading of Donaco Shares on ASX without an entitlement to the Distribution (Ex-Distribution Date)	9 September 2014
Cut-off time and date for determining entitlements to OMI Shares under the Distribution (Record Date)	7:00pm (Sydney time) on 12 September 2014
Latest time and date for receipt of Sale Facility Election Forms to participate in the Sale Facility (Election Date)	7:00pm (Sydney time) on 12 September 2014
OMI Shares distributed to Eligible Shareholders (Distribution Date)	16 September 2014

* The above dates and times are indicative only and subject to change. The Directors reserve the right to amend these dates and times in their absolute discretion.

You should read this document carefully and in full before deciding how to vote on the Proposal. If necessary, please consult your financial, investment, legal, taxation or other professional adviser.

If you have any questions please contact Ben Reichel on +61 2 9017 7000.

Table of Contents

Important dates and times.....	2
Table of Contents.....	2
Chairman's letter	3
1. Summary of the Proposal.....	4
2. Advantages and Disadvantages	6
3. The Distribution and Sale Facility	8
4. Profile of OMI, iSentric and the OMI/iSentric Merged Entity.....	13
5. Impact on Donaco	19
6. Tax Implications	23
7. Additional information.....	26
8. Glossary	29
Appendix 1 – Notice of Meeting	32

Chairman's letter

18 July 2014



Dear Shareholder

It is my pleasure to invite you to attend and vote at a general meeting of Donaco International Limited (**Donaco**) which will be held at The Westin Sydney, 1 Martin Place, Sydney, New South Wales 2000 Australia on Monday, 25 August 2014 (**General Meeting**). The General Meeting is scheduled to commence at 3:00pm (Sydney time).

On 9 May 2014 Donaco entered into a sale agreement with OMI, pursuant to which Donaco agreed to sell 100% of its interest in iSentric Sdn Bhd (**iSentric**) to OMI Holdings Limited (**OMI**) in consideration for the issue of \$12,000,000 of ordinary shares in OMI (**OMI Shares**) to Donaco (**iSentric Sale**).

The purpose of the iSentric Sale is to generate value for Donaco shareholders, by extracting iSentric and operating it as a standalone listed public company. Similar mobile technology and software businesses listed on the ASX have received good support from investors. The iSentric Sale also allows Donaco to focus on its strategy of operating and investing in leisure and entertainment businesses in the Asia Pacific.

On completion of the iSentric Sale, Donaco is expected to hold approximately 78.2% of OMI (assuming OMI completes its proposed capital raising and issues \$2,000,000 of OMI Shares prior to completion of the iSentric Sale). The General Meeting is being held to approve a distribution of the OMI Shares that Donaco will receive at completion of the iSentric Sale.

Donaco considers the proposed in specie distribution to be an equitable way to distribute the value in iSentric to its shareholders.

If Donaco shareholders approve the proposed distribution at the General Meeting, and various other conditions are satisfied, Donaco shareholders will receive an entitlement to approximately 0.13 OMI Shares for each ordinary share in Donaco held at the record date. The distribution will be implemented by way of part special dividend and part capital return.

Ineligible Donaco shareholders, and eligible Donaco shareholders who do not wish to receive OMI Shares, will have their entitlement to OMI Shares sold on their behalf and the proceeds (less any costs) remitted to them. Details of the Sale Facility are in Section 3.2.

The proposed distribution will only occur if:

- Donaco shareholders approve the capital return component of the distribution, along with a resolution to amend the Donaco constitution to facilitate the distribution;
- Donaco obtains the ATO Ruling (as defined below); and
- the iSentric Sale completes.

A description of some of the advantages, disadvantages and risks associated with the proposed distribution are set out in Section 2. Before deciding whether to vote in favour of the resolutions, shareholders should consider the information contained in the Prospectus issued by OMI on 16 July 2014.

The Board recommends that you vote in favour of each of the resolutions to be considered at the General Meeting. The proposed resolutions are important and fully supported by your Board. If you are unable to attend the meeting, we invite you to appoint a proxy to attend and vote on your behalf.

If you plan to attend the meeting, please bring the enclosed proxy form to facilitate your registration, which will commence at 2:00pm (Sydney time). I look forward to seeing you then.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Stuart McGregor', is written over a light blue horizontal line.

Stuart McGregor
Chairman

1. Summary of the Proposal

1.1. What is the Proposal?

The Proposal comprises:

- an in specie distribution of OMI Shares (**Distribution**), as follows:
 - (a) Eligible Shareholders will receive approximately 0.13 OMI Shares for each Donaco Share held on the Record Date or can elect to have their OMI Shares sold pursuant to the Sale Facility; and
 - (b) Ineligible Shareholders will have the OMI Shares to which they would otherwise be entitled sold pursuant to the Sale Facility; and
- an amendment to the Constitution to facilitate the Distribution.

1.2. Overview

On 9 May 2014 Donaco entered into a sale agreement with OMI, pursuant to which Donaco agreed to sell 100% of its interest in iSentric to OMI in consideration for the issue of \$12,000,000 in OMI Shares to Donaco (**iSentric Sale**). See Section 4 for details of the iSentric Sale.

On completion of the iSentric Sale, Donaco will be issued \$12,000,000 of OMI Shares¹ at an issue price of \$0.20 per Share (**Consideration Shares**). At the time of issue, the Consideration Shares will represent approximately 78.2% of the total number of issued OMI Shares.

Donaco proposes to distribute 100% of the Consideration Shares under the Distribution. At the General Meeting Shareholders are being asked to consider, and if thought fit, approve 2 resolutions required for Donaco to undertake the Distribution. See Sections 1.4 and 1.5 for further details.

A component of the Distribution will be a Capital Return on Donaco Shares and the balance of the Distribution will be a Special Dividend on Donaco Shares.

Under the Distribution Shareholders will each receive an entitlement to approximately 0.13 OMI Shares for each Donaco Share held on the Record Date.

Donaco will offer Eligible Shareholders the opportunity to either receive their entitlement in OMI Shares or to sell the OMI Shares to which they would otherwise be entitled to receive for cash by participating in the Sale Facility. See Sections 3.1 and 3.2 for further details on the Sale Facility and how you can elect to participate in it.

Ineligible Shareholders, being certain Donaco Shareholders whose address is outside Australia and Donaco Shareholders whose aggregate entitlement under the Distribution is valued at \$500 or less, will have the OMI Shares to which they would otherwise be entitled sold pursuant to the Sale Facility. Please see Sections 3.1 and 3.2 for further details on Ineligible Shareholders and the Sale Facility.

1.3. Rationale for the Proposal

See Section 2 for details of the rationale for the Proposal.

1.4. Shareholder approvals required for the Proposal

The following Shareholder approval is required with respect to the Proposal:

- under Section 256C of the Act for the Capital Return component of the Distribution (**Capital Return Resolution**); and

¹ The number of Consideration Shares assumes a consolidation of OMI's capital (on approximately a 3.8 to 1 basis) has been completed.

- under Section 136 of the Act for the Constitution to be amended to give the Board the necessary powers required to implement the Special Dividend component of the Distribution (**Constitution Amendment Resolution**).

1.5. What approvals are required?

The Capital Return Resolution requires approval by a simple majority of votes (50% or more) cast by eligible Shareholders at the General Meeting.

The Constitution Amendment Resolution requires approval by a special majority of votes (75% or more) cast by eligible Shareholders at the General Meeting.

For the full explanation of the nature, purpose and effect of the Resolutions, please refer to Section 7 of this Booklet.

1.6. Resolutions inter-conditional

The Capital Return Resolution is inter-conditional with the Constitutional Amendment Resolution. This means that the Constitutional Amendment Resolution needs to be passed for the approval sought in respect of the Capital Return Resolution to be effective.

The Constitutional Amendment Resolution is not inter-conditional with the Capital Return Resolution. This means that, if passed, the Constitutional Amendment Resolution will be effective even if the Capital Return Resolution is not approved.

1.7. Key conditions to implementation

For the Distribution to be implemented:

- the iSentric Sale must complete (see Section 4 for details about the conditions precedent to completion of the iSentric Sale);
- the Constitution Amendment Resolution and the Capital Return Resolution must be passed at the General Meeting; and
- Donaco must obtain the ATO Ruling (see Section 6 for further details).

1.8. Board Recommendation

The Board recommends that Donaco Shareholders vote in favour of each of the Constitution Amendment Resolution and the Capital Return Resolution.

2. Advantages and Disadvantages

2.1 Board recommendation

The purpose of the iSentric Sale is to generate value for Donaco Shareholders, by extracting iSentric and operating it as a standalone listed public company. Similar mobile technology and software businesses listed on the ASX have received good support from investors. The iSentric Sale also allows Donaco to focus on its strategy of operating and investing in leisure and entertainment businesses in the Asia Pacific.

The Board recommends that you vote in favour of the Proposal for the following reasons:

- Donaco considers that the Distribution is an equitable way to distribute the value in iSentric to Donaco Shareholders. This is because:
 - all Donaco Shareholders will receive an entitlement under the Distribution to approximately 0.13 OMI Shares;
 - Eligible Shareholders will be able to continue to participate in iSentric's ownership directly through the OMI Shares transferred to them under the Distribution;
 - Eligible Shareholders can decide whether to maintain ongoing exposure to OMI based on their individual circumstances; and
 - Ineligible Shareholders and Eligible Shareholders who do not want to be distributed OMI Shares (together the **Selling Shareholders**) will receive cash consideration in lieu of OMI Shares.
- The Distribution will provide Donaco Shareholders with greater flexibility to directly manage their investment and interests in each of Donaco and iSentric (through the iSentric/OMI Merged Entity).
- Prior to the General Meeting, OMI will issue a prospectus in accordance with the Corporations Act that contains all material information about the iSentric/OMI Merged Entity.
- The Distribution incorporates a return of capital. Donaco will seek to continue to maintain a strong balance sheet position and a level of shareholders' equity for prudent and efficient capital management purposes.

2.2 Possible disadvantages and risks

Donaco has considered the following possible disadvantages and risks associated with the Proposal:

- For the Distribution to proceed, the iSentric Sale must complete. As a result of the iSentric Sale, Donaco will not receive any future benefits from owning iSentric, including distributions and any capital appreciation. However, Eligible Shareholders who receive OMI Shares under the Distribution will be able to receive such benefits through their direct investment in OMI.
- Eligible Shareholders who receive OMI Shares under the Distribution will, through their investment in OMI, be directly exposed to the risks associated with an investment in iSentric. Currently Shareholders are indirectly exposed to iSentric's business through an investment in Donaco. Certain of these risks are set out in Section 4.7. However, this list is not exhaustive. Whilst Donaco Shareholders are currently exposed to these risks through Donaco's direct investment in iSentric, these risks are currently more diversified through Donaco's other investments when compared to a direct investment in iSentric.
- Transaction costs will be incurred if the Proposal proceeds, though these are not considered to be material to Donaco. Shareholders may incur brokerage and other transaction costs if they subsequently dispose of the OMI Shares.

- Eligible Shareholders will be responsible for making their own investment decisions regarding the OMI Shares they receive under the Distribution. Currently these decisions are made by Donaco. Donaco may have more experience and be better able to manage an investment in OMI Shares than individual Shareholders.
- The Distribution may have adverse tax consequences for Donaco Shareholders (see Section 6 for further details).
- The Sale Facility may result in a proportion of OMI Shares being sold on-market over a certain period following completion of the Distribution. Any such sales could have an adverse impact on the market price of OMI Shares and, therefore, the amount of money to be received by each Selling Shareholder (**Sale Facility Proceeds**). This risk will be amplified if a significant number of Eligible Shareholders choose to participate in the Sale Facility and the Sale Agent is unable to place a significant proportion of OMI Shares the subject of the Sale Facility off-market beforehand. Please see Section 3.2 for further information.

2.3 Alternatives considered

In developing the Proposal, Donaco considered the following alternatives to the Proposal:

- undertaking no transaction and maintaining a direct investment in iSentric;
- undertaking the iSentric Sale and not distributing the Consideration Shares; and
- the potential for a trade sale of iSentric.

Donaco has assessed the Proposal and the alternatives in light of Donaco's balance sheet position, earnings, key financial metrics and the value and fairness to Donaco Shareholders.

The Board believes that the Proposal is an equitable way of delivering the value of its investment in iSentric to Donaco Shareholders and is in the best interest of Donaco Shareholders.

3. The Distribution and Sale Facility

3.1 The Distribution

Form of Distribution

The proposed Distribution will be implemented as a combination of a Special Dividend and Capital Return.

Value of the Distribution

The aggregate amount of the Distribution will equal approximately \$12,000,000, being the estimated value of the Consideration Shares issued to Donaco at completion of the iSentric Sale. Of this amount, the Capital Return component will represent approximately \$8,500,000 and the Special Dividend component will represent approximately \$3,500,000.

Capital Return is an equal capital reduction

The Capital Return is an equal reduction of Donaco's ordinary share capital for the purposes of the Corporations Act. The Capital Return is an equal reduction because it relates only to ordinary shares and applies to each Shareholder in proportion to the number of Donaco Shares they hold with the terms of the reduction the same for each Donaco Shareholder.

Payment of the Distribution

The payment of the Special Dividend and the Capital Return will be satisfied by the in specie distribution to Shareholders of an entitlement to approximately 0.13 OMI Shares for each Donaco Share held on the Record Date (rounded down to the nearest whole number).

Eligible Shareholders (who are not Selling Shareholders) will receive their entitlement in the form of OMI Shares.

Selling Shareholders will have the OMI Shares to which they would otherwise be entitled transferred to the Sale Agent for sale, pursuant to the Sale Facility and will receive the Sale Facility Proceeds in cash.

Conditions to payment of the Distribution

The Board has resolved to declare and pay the Distribution conditional upon:

- (a) Shareholders passing both the Constitution Amendment Resolution and the Capital Return Resolution at the General Meeting; and
- (b) completion of the iSentric Sale occurring; and
- (c) Donaco receiving the ATO Ruling (See Section 6 for further details).

If Shareholders approve the Constitution Amendment Resolution and the Capital Return Resolution at the General Meeting and the other conditions specified above are satisfied, the Distribution will be implemented. In these circumstances the Capital Return Resolution will be binding upon all Donaco Shareholders, regardless of how (or if) they vote on the Capital Return Resolution.

How to participate

Shareholders do not need to take any action to receive their entitlement under the Distribution. If the Distribution is implemented, Shareholders will receive an entitlement to approximately 0.13 OMI Shares for every Donaco Share they are the registered holder of at 7.00 pm on the Record Date.

If you are an Eligible Shareholder and you want to be transferred OMI Shares under the Distribution, you do not need to take any action. If the Distribution is implemented, you will be transferred

approximately 0.13 OMI Shares for every Donaco Share you are the registered holder of at 7.00 pm on the Record Date.

Similarly, Ineligible Shareholders do not need to take any action. If you are an Ineligible Shareholder the OMI Shares to which you would otherwise be entitled will be automatically sold under the Sale Facility. See Section 3.2 for further details on the Sale Facility.

If you are an Eligible Shareholder but do not want to be transferred OMI Shares, you may participate in the Sale Facility and sell all (but not some) of the OMI Shares which you are entitled to receive. In order to elect to participate in the Sale Facility you must complete and return the Sale Facility Election Form accompanying this Explanatory Memorandum using the enclosed reply paid pre-addressed envelope. The Sale Facility Election Form must be received by the Share Registry by the Election Date. Shareholders may request a copy of the Sale Facility Election Form and reply paid envelope be sent to their registered address by contacting the Share Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

Eligible Shareholders who do not elect to participate in the Sale Facility may keep, sell or otherwise deal with the OMI Shares transferred to them.

ASX quotation of the OMI Shares

OMI will apply to ASX for the Consideration Shares (being the OMI Shares to be distributed under the Distribution) to be quoted on ASX at completion of the iSentric Sale. Following the Distribution the OMI Shares can be freely traded on ASX. See Section 3.4 for details of the ASIC modification granted to enable the on-sale of OMI Shares.

Issue and allotment of OMI Shares

Donaco will transfer the OMI Shares under the Distribution on the Distribution Date, currently expected to be 16 September 2014. Holding statements in relation to the OMI Shares are expected to be despatched to Eligible Shareholders by 16 September 2014.

Eligible Shareholders who sell any OMI Shares before they receive their holding statements will do so at their own risk.

OMI Shares transferred under the Distribution will have the same rights and liabilities of ordinary shares currently on issue in OMI. See Section 3.3 for details.

Who is an Eligible Shareholder?

Eligible Shareholders are registered holders of Donaco Shares who, as at 7.00 pm on the Record Date, have:

- (a) a registered address in Australia, New Zealand, or such other place determined by Donaco in which it would be lawful to make the Distribution; and
- (b) an aggregate entitlement under the Distribution valued at \$500 or more.

Directors and their associates that are Eligible Shareholders will participate in the Distribution.

Treatment of Overseas Shareholders

Only Eligible Shareholders will be distributed OMI Shares under the Distribution. Eligible Shareholders are those Shareholders with a registered address in Australia, New Zealand, or such other place determined by Donaco in which it would be lawful to make the Distribution.

Donaco may form the view that it is unreasonable to make the Distribution to certain overseas Shareholders having regard to:

- (a) the number of Shareholders within each relevant jurisdiction;
- (b) the number and value of Donaco Shares held by those Shareholders; and

- (c) the cost of complying with overseas legal requirements within the relevant jurisdiction.

Shareholders in such jurisdictions will be Ineligible Shareholders and will have the OMI Shares to which they would otherwise be entitled automatically sold under the Sale Facility. See Section 3.2 for further details on the Sale Facility.

Treatment of Shareholders with entitlements valued at \$500 or less

Shareholders who on the Record Date have an aggregate entitlement under the Distribution valued at \$500 or less will be Ineligible Shareholders. As indicated above, all Ineligible Shareholders will have the OMI Shares to which they would otherwise be entitled automatically sold under the Sale Facility. See Section 3.2 for further details on the Sale Facility.

Who are Selling Shareholders?

Selling Shareholders are Ineligible Shareholders and the Eligible Shareholders who elect to participate in the Sale Facility.

Payment to Selling Shareholders

On the Distribution Date, OMI Shares that would otherwise have been transferred to Selling Shareholders will be transferred to the Sale Agent to be sold on their behalf under the Sale Facility. Donaco expects that the Sale Facility Proceeds will be transferred to Selling Shareholders within 8 weeks of completion of the Distribution. See Section 3.2 for further details.

Taxation

The potential tax effects relating to the Distribution will vary between Shareholders. Shareholders are urged to consider the possible tax consequences by consulting a professional tax adviser.

It is not possible to provide a comprehensive summary of the possible taxation positions of all Shareholders with respect to the Distribution. Notwithstanding, the Directors have included a general guide as to the tax implications of the Distribution for Australian residents. See Section 6 for further details.

Donaco, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in respect of the Distribution. Shareholders should consult their own professional tax adviser in connection with the taxation implications of the Distribution.

Investor Considerations

Before Eligible Shareholders decide to receive OMI Shares under the Distribution they should consider whether OMI Shares are a suitable investment for them. There are general risks associated with any investment in the stock market. The value of OMI Shares listed on ASX may rise or fall depending on a range of factors beyond the control of Donaco or OMI.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Booklet from a stockbroker, solicitor, accountant or other professional adviser immediately.

Provision of Donaco Shareholder information to OMI

Relevant Donaco Shareholder information will be provided to OMI or OMI's share registry to enable the registration of holdings of OMI Shares, including the holder's name, address, email address and number of OMI Shares.

Other Donaco Shareholder information will not be provided. In particular, Australian legislation prevents the provision of Donaco Shareholder TFNs to OMI or OMI's share registry.

3.2 The Sale Facility

How the Sale Facility works

On the Distribution Date, OMI Shares that would otherwise have been transferred to Selling Shareholders will be transferred to the Sale Agent to be sold on their behalf under the Sale Facility.

A Selling Shareholder may participate for all of their OMI shares only.

The Sale Agent will sell the OMI Shares as soon as reasonably practicable after the Distribution Date at such prices and on such other terms as the Sale Agent determines in good faith and at the risk of the Selling Shareholders, provided that:

- (a) OMI Shares sold off-market are sold at a price that is no less than \$0.20, being the price at which OMI Shares will be offered under the Prospectus; and
- (b) OMI Shares sold on-market are sold in the ordinary course of trading on ASX.

The Sale Agent may sell OMI Shares on market or off market (subject to the conditions above).

In addition, the Sale Agent will use reasonable endeavours to ensure that the price at which it sells OMI Shares (whether on or off-market) is consistent with an orderly market and ordinary commercial practice.

The Sale Facility Proceeds will be calculated on an average basis so that all Selling Shareholders will receive the same price for each OMI Share sold on their behalf, subject to rounding down to the nearest whole Australian cent. Consequently, the amount received by Selling Shareholders for each OMI Share may be more or less than the actual price that is received by the Sale Agent for that particular OMI Share.

If OMI Shares the subject of the Sale Facility are sold on-market, the sale price of these OMI Shares and, therefore, the Sale Facility Proceeds to be received by each Selling Shareholder cannot be guaranteed, as the market price of OMI Shares will be subject to change from time to time. Donaco Shareholders will be able to obtain up-to-date information on the market price of OMI Shares on the ASX website (www.asx.com.au). Donaco Shareholders should be aware that a holder of OMI Shares may be able to sell or dispose of their OMI Shares at a higher or lower price than the price at which OMI Shares are sold via the Sale Facility.

The Sale Facility Proceeds (less transaction fees) will be remitted to each Selling Shareholder by:

- direct credit to the nominated bank account as notified to Donaco's share register as at the Record Date; or
- where an account has not been provided, by cheque sent by mail to the Selling Shareholder's address as shown on Donaco's share register as at the Record Date.

Selling Shareholders will receive their respective Sale Facility Proceeds after deduction of the following fees: (a) a management fee of \$5000 and brokerage of 2% of the total sale proceeds, as charged by the Sale Agent; and (b) the costs of making payments by cheque or EFT, as charged by Donaco's share registry.

The Sale Agent will sell all OMI Shares under the Sale Facility and will distribute the Sale Facility Proceeds (less transaction fees) to Selling Shareholders in Australian dollars, within 8 weeks of completion of the Distribution.

Selling Shareholders will not receive any interest on the Sale Facility Proceeds.

Selling Shareholders (other than Ineligible Donaco Shareholders) are not required to participate in the Sale Facility. They may instead decide to sell the Shares themselves (either on or off market) or decide to continue to hold the OMI Shares received following the Distribution.

3.3 Rights Attaching to the Shares

The following information is a summary of the OMI Constitution. Each OMI Share confers on its holder:

- (a) the right to vote at a general meeting of OMI Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per OMI Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- (b) the right to receive dividends, according to the amount paid up on the OMI Share;
- (c) the right to receive, in kind, the whole or any part of OMI's property in a winding up, subject to priority given to holders of OMI Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of OMI with the consent of members by special resolution; and
- (d) Subject to the Corporations Act and the Listing Rules, OMI Shares are fully transferable.

The rights attaching to OMI Shares may be varied with the approval of OMI Shareholders in general meeting by special resolution.

3.4 OMI Prospectus

Enclosed is a copy of the Prospectus issued by OMI and dated 16 July 2014. The Prospectus contains material information in relation to the OMI/iSentric Merged Entity, including:

- (a) details of the OMI/iSentric Merged Entity business operations, strategy and business plan;
- (b) risks associated with an investment in the OMI/iSentric Merged Entity; and
- (c) financial information, including forecasts.

Donaco Shareholders should consider the information contained in the Prospectus carefully and read the Prospectus in full before deciding whether the Proposal should proceed and whether to receive their Distribution Entitlement as OMI Shares.

3.5 ASIC modifications

ASIC has provided an exemption from Parts 6D.2 and 6D.3 of the Corporations Act with respect to the Proposal and the subsequent on sale of OMI Shares distributed under the Distribution.

ASIC has provided an in-principle exemption from certain requirements that Donaco may otherwise be required to comply with in order to operate the Sale Facility, including:

- Section 601ED of the Corporations Act in relation to the Sale Facility;
- Divisions 2 to 5 of Part 7.9 of the Corporations Act in relation to an interest in the Sale Facility; and
- the requirement to hold an Australian financial services licence for the provision of the following financial services:
 - dealing in an interest in the Sale Facility; and
 - the provision of general advice in relation to an interest in the Sale Facility.

ASIC has also provided an in-principle confirmation that Donaco does not have to comply with Division 5A of Part 7.9 of the Corporations Act to the extent that Donaco invites a person to make an offer to sell OMI Shares through the Sale Facility.

4. Profile of OMI, iSentric and the OMI/iSentric Merged Entity

4.1 Overview

OMI is the listed company which is purchasing iSentric. On 9 May 2014 Donaco and OMI entered into a sale agreement to implement the iSentric Sale. At completion of the iSentric Sale:

- Donaco will be issued the Consideration Shares;
- OMI will acquire 100% of the issued share capital in iSentric;
- OMI's business will become focused on conducting the mobile telecommunications and technology business currently conducted by iSentric;
- to better reflect OMI's new business operations, OMI will change its name to "iSentric Limited"; and
- Lim Keong Yew, Ng Chin Kong, Lee Chin Wee and Chong Kwong Yang will be appointed as Directors of OMI.

Prior to completion of the iSentric Sale, to re-comply with Chapters 1 and 2 of the Listing Rules, OMI proposes to consolidate its issued capital on approximately a 3.8 to 1 basis (**Consolidation**) and raise a minimum of \$1,000,000 through the issue of new OMI Shares, each with an issue price of not less than \$0.20, under a prospectus issued by OMI in accordance with the Corporations Act (**Public Offer**).

Completion of the iSentric Sale is subject to a number of conditions precedent. These conditions include:

- each of OMI and Donaco completing their respective due diligence investigations;
- OMI's shareholders approving the iSentric Sale and associated corporate actions;
- Donaco Shareholders approving the Proposal at the General Meeting;
- OMI undertaking the Consolidation and the Public Offer; and
- OMI re-complying with Chapters 1 and 2 of the Listing Rules.

OMI will convene a general meeting for the purpose of obtaining the shareholder approvals required as a condition precedent to completion of the iSentric Sale. This general meeting will take place shortly after the General Meeting. OMI has informed Donaco that, as at the date of the Booklet, it has no reason to believe that shareholders will not vote in favour of the iSentric Sale.

Re-compliance with Chapters 1 and 2 of the Listing Rules is a precondition to completion of the iSentric Sale. OMI will not issue the Considerations Shares or any new Shares under the Public Offer until OMI has received conditional confirmation from the ASX that, subject to compliance with certain conditions, it will comply with Chapters 1 and 2 of the Listing Rules.

There is a risk that OMI will be unable to comply with Chapters 1 and 2 of the Listing Rules. Should this occur, the iSentric Sale will not complete and the Distribution will not occur.

4.2 Profile of OMI

OMI was admitted to the Official List of ASX in October 2000.

OMI is an entity whose principle focus has been in research, development and manufacture of medical products. Currently OMI's assets are limited to its shareholding in Starfield Metals Limited, an unlisted company with exploration interests in tin and tantalite elements in Uganda and Zambia.

4.3 Profile of iSentric

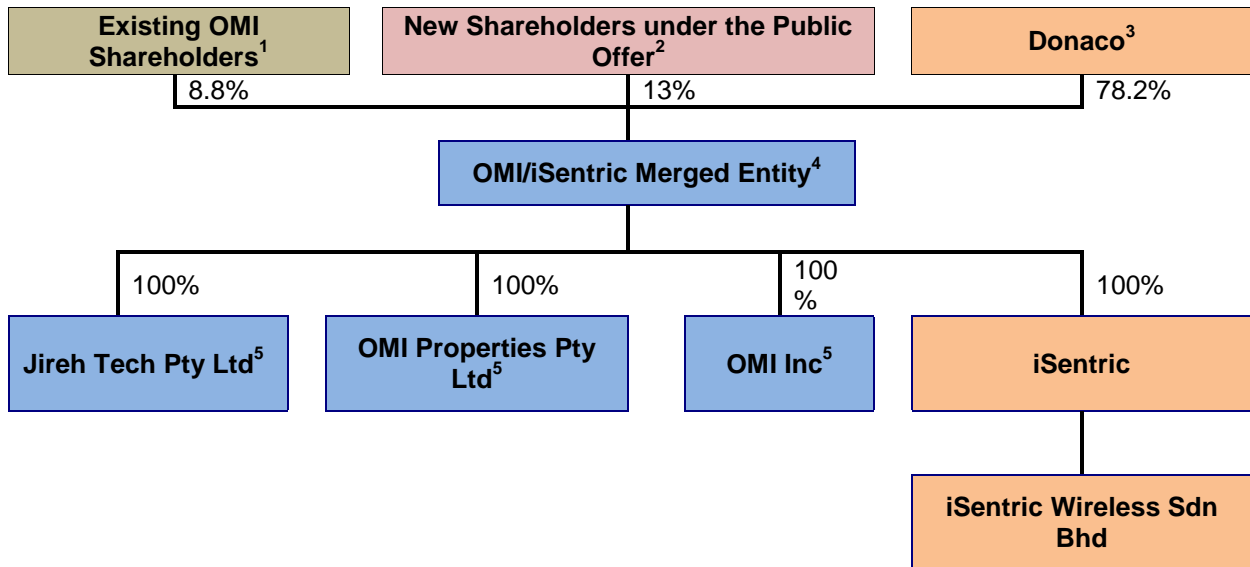
iSentric is a Malaysian company which was incorporated in 2001, commenced its business operations in 2003 and employs 35 people. In June 2013 iSentric was acquired by Donaco. iSentric has been a wholly owned subsidiary of Donaco since then.

iSentric operates in the mobile services sector offering mobile content distribution, mobile payment aggregation, mobile banking and bespoke corporate mobility solutions. iSentric's business predominantly services customers in the financial services sector and telecommunication providers.

Details of the services offered by iSentric and iSentric's key management personnel are set out in the Prospectus.

4.4 OMI/iSentric Merged Entity Structure

Immediately after completion of the iSentric Sale, and immediately before the Distribution is made, iSentric will be 100% owned by OMI (directly) and approximately 78.2% owned by Donaco (indirectly) through Donaco's interest in OMI. Set out below is the structure of OMI immediately after the issue of the Consideration Shares



Notes:

- Existing Shareholders includes persons who acquire OMI Shares following conversion of 600 convertible notes to be issued by OMI to fund its cost associated with the iSentric Sale. The percentage holding assumes 3,000,000 OMI Shares are issued on conversion of these convertible notes. The percentages shown assume options attached to each note are issued but not exercised.
- Assumes 10,000,000 Shares at \$0.20 per Share to raise \$2,000,000 under the Public Offer and that neither Donaco nor existing OMI Shareholders participate in the Public Offer.
- Immediately after the issue of the Consideration Shares, Donaco's voting power in OMI will increase from 0% to 78.2% (assuming 3,000,000 OMI Shares and options are issued on conversion of the convertible notes, none of the options are exercised and \$2,000,000 is raised under the Public Offer).
- OMI's name will be changed to iSentric Limited.
- Dormant subsidiaries.

Business of the OMI/iSentric Merged Entity

Refer to Section 2 of the Prospectus for details of the business of the OMI/iSentric Merged Entity.

The illustrative pro forma balance sheet for the OMI/iSentric Merged Entity is set out in Section 4 of the Prospectus.

4.5 Pro-forma capital structure of OMI/iSentric Merged Entity

In conjunction with the iSentric Sale, OMI proposes to complete the following transactions, which will result in changes to its capital structure, before the Distribution is made:

- consolidate its issued share capital;
- issue convertible notes to sophisticated and professional investors and the conversion of all of those notes into OMI Shares and an equal number of bonus options; and
- issue new OMI Shares to the public under the Public Offer.

The indicative table presented below has been prepared to illustrate OMI's capital structure after completion of the iSentric Sale and the transactions described above. The information in the table is indicative only, and is subject to change. Any changes to the table will be notified to market.

Class of securities	Number of securities
OMI Shares	76,750,000
Options	3,000,000

Notes:

The above table assumes the following:

1. 600 convertible notes are issued and converted into 3,000,000 OMI Shares, each with an attaching option, at completion of the iSentric Sale and that none of these options are exercised;
2. the number of OMI Shares is reduced under the Consolidation from 14,134,977 Shares to approximately 3,750,000 OMI Shares (the exact number of OMI Shares on issue following the Consolidation will depend on rounding).
3. OMI raises \$2,000,000 under the Public Offer; and
4. 60,000,000 OMI Shares are issued to Donaco at completion of the iSentric Sale.

The Distribution will be undertaken following completion of the iSentric Sale. The Distribution will not impact the number of OMI Shares on issue.

60,000,000 of the total OMI Shares on issue following the iSentric Sale (i.e. 76,750,000 OMI Shares) will be the subject of the Distribution.

4.6 Impact on control of the OMI/iSentric Merged Entity

OMI control as at the date of the Booklet

OMI currently has 5 substantial shareholders: Fullerton Private Capital Pty Limited (with voting power of 8.35%), Norfolk Enchants Pty Ltd ATF Trojan Retirement Fund (with voting power of 6.71%), Mr and Mrs McMillan (with voting power of 5.60%) and Klip Pty Ltd ATF Beirne Super Fund (with voting power of 5.33%).

OMI control after iSentric Sale and before Distribution

Immediately after completion of the iSentric Sale, OMI is likely to have 3 substantial shareholders, being:

- Donaco, whose voting power will equal approximately 78.2%¹,
- Jox Holdings whose voting power will equal up to 6.5% (assuming Jox Holdings is entitled to participate in the Public Offer and is issued 5,000,000 OMI Shares); and
- Lim Keong Yew, who as the controller of Jox Holdings will have a relevant interest in the OMI Shares issued to Jox Holdings under the Public Offer and therefore will have voting power of up to 6.5% (assuming Jox Holdings is entitled to participate in the Public Offer and is issued 5,000,000 OMI Shares).

¹ This assumes that none of OMI's current substantial shareholders participate in the Public Offer.

As Lim Keong Yew is a proposed director of OMI, Jox Holdings' participation in the Public Offer is subject to OMI Shareholder approval. If OMI Shareholders approve Jox Holdings' participation in the Public Offer:

- 5,000,000 OMI Shares is the maximum number of OMI Shares Jox Holdings can subscribe for and be issued under the Public Offer;
- there is no guarantee that Jox Holdings will subscribe for and be issued 5,000,000 OMI Shares under the Public Offer.

In circumstances where OMI Shareholders do not approve Jox Holdings' participation in the Public Offer, OMI will only have one substantial shareholder at completion of the iSentric Sale, being Donaco.

At this point in time, Donaco will have the ability to individually block special resolutions (requiring 75% approval) put to OMI Shareholders, and carry both ordinary (requiring 50% approval) and special resolutions.

Donaco does not intend to retain any interest in OMI and will distribute 100% of the Consideration Shares under the Distribution (see Section 3 for further details of the Distribution).

OMI control after the Distribution

Donaco will cease to be an OMI shareholder at completion of the Distribution. Accordingly, as a result of the Distribution:

- Donaco's voting power in OMI will be reduced to 0%;
 - OMI is likely to have a minimum of 5 substantial shareholders, being:
 - Jox Holdings who, as a result of its participation in the Public Offer, will hold voting power of up to 6.5%;
 - Slim Twinkle who, as a result of the Distribution, will hold voting power of up to 14.3%
 - Convent Fine who, as a result of the Distribution, will hold voting power of up to 15.3%
 - Mr Ben Lim, who will have a relevant interest in the OMI Shares transferred to Slim Twinkle and Convent Fine under the Distribution, will hold voting power of up to 29.6%; and
 - Lim Keong Yew, who will be transferred OMI Shares under the Distribution and will have a relevant interest in the following OMI Shares:
 - the OMI Shares acquired by Jox Holdings under the Public Offer, will hold voting power of up to 6.5%;
 - the OMI Shares transferred to Slim Twinkle and Convent Fine under the Distribution, will hold voting power of up to 29.6%; and
 - the OMI Shares transferred to Lim Keong Yew as a result of his personal holding in Donaco International, will hold voting power of up to 5.6%,
- in total will hold voting power of up to 41.7%.

Control transactions to be implemented following the Distribution

Donaco understands that after the Distribution, Slim Twinkle and Convent Fine propose to transfer the OMI Shares that they respectively receive under the Distribution to Jox Holdings. The Company understands that Jox Holdings will pay \$0.20 per share in consideration for the OMI Shares

transferred to it. The OMI Shares will be transferred to Jox Holdings off market. The transfers to Jox Holdings are conditional on OMI Shareholder approval.

Immediately following completion of these transfers, the Company is likely to have at least 2 substantial shareholders, being:

- Jox Holdings, who as a result of its participation in the Public Offer and the transfers from Slim Twinkle and Convent Fine will hold voting power of up to 31.5%; and
- Lim Keong Yew, who will be transferred Shares under the Distribution and, as the controller of Jox Holdings, will have a relevant interest the Shares acquired by Jox Holdings (under the Public Offer and the above transfers), will hold voting power of up to 37.1%.

Accordingly, when trading in Shares recommences on the ASX, Lim Keong Yew will have the ability to block special resolutions (requiring 75% approval) put to OMI Shareholders.

4.7 Risks associated with an investment in OMI/iSentric Merged Entity

There are a number of factors, both specific to the OMI/iSentric Merged Entity and of a general nature, which may affect the future operating and financial performance of the OMI/iSentric Merged Entity and the outcome of an investment in the OMI/iSentric Merged Entity. There can be no guarantee that the OMI/iSentric Merged Entity will achieve its stated objectives, that forecasts will be met or that forward looking statements will be realised. This Section describes certain, but not all, risks associated with an investment in OMI.

Donaco is currently exposed to these risks, directly, through its investment in iSentric. Donaco Shareholders are therefore currently exposed to these risks, indirectly, through their investment in Donaco.

Whilst Donaco Shareholders already have an indirect exposure to iSentric through their investment in Donaco, after the Distribution is made, Eligible Shareholders (who are not Selling Shareholders) will be more directly exposed to these risks and will be responsible for decision-making in respect of their ongoing investment in iSentric (through their investment in the OMI/iSentric Merged Entity).

Whilst this Section aims to highlight some of the key risks associated with an investment in the OMI/iSentric Merged Entity it is not exhaustive. Donaco Shareholders should consider the risks described here, together with all of the other information in this Booklet and the information contained in the Prospectus, and consult their financial or other professional adviser before determining how to vote on the Proposal.

- **Government** - Changes in legislation and government policy in Malaysia, Australia and internationally (including taxation and monetary policies and corporation laws) could materially affect the operating results of OMI.
- **Geopolitical** - OMI will be subject to the risks associated with operating in Malaysia. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility and instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, exchange control, repatriation of income or return of capital, environmental protection, and labour relations.
- **Laws and regulations** - The laws and regulations in Malaysia differ to those that exist in Australia. Laws may unexpectedly change, and could have an impact on the operational activities of OMI in Malaysia. While iSentric has operated successfully within the Malaysian legal and regulatory environment, unforeseen changes could materially impact the operating results of OMI.
- **Jurisdictional risk** – OMI's business will be primarily located in Malaysia and are therefore subject to different regulatory requirements than Australia. Issues such as corruption within Malaysia could adversely affect the operating activities of OMI.
- **Competition risk** - The industry in which OMI will be involved is subject to domestic and global competition. While OMI will undertake all reasonable due diligence in its business

decisions and operations, OMI will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of OMI's business.

- **Reliance on key personnel** - Skilled employees and consultants are essential to the successful delivery of OMI's strategy. Upon changing the nature and scale of its activities, OMI will rely to a large extent on the services of certain key management personnel, particularly certain of its Malaysian nationals who will manage day to day interactions with contractors and regulatory authorities, the loss of any of which could delay the pursuit of iSentric's strategy. OMI will not maintain key-man life insurance with respect to any of its employees.
- **General economic conditions** - A variety of general economic and business conditions may affect the price at which Shares trade on ASX, including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could also have an adverse effect on OMI.
- **Taxation risks** - A change to the current taxation regime in Australia or Malaysia may affect OMI and its Shareholders. OMI's subsidiaries operate in Malaysia, and are subject to the taxation laws that apply to transactions with foreign entities and the interaction of tax laws and allocation of taxes between Australia and Malaysia. Personal tax liabilities are the responsibility of each Shareholder. OMI is not responsible for taxation or penalties incurred by Shareholders.
- **Unforeseen risks** - There may be other risks which the Directors are unaware of at the time of issuing this Booklet which may impact on OMI and its operations, and on the valuation and performance of OMI's securities.
- **Currency Risk** – Operating in Malaysia iSentric trades in Malaysian Ringgit. Any conversion and payment of profits to Australian dollars will be subject to currency exchange rate fluctuations.
- **Investment risk** - There are several types of investment risk that may affect your investment in OMI, including a decline in the market price of the Shares (the initial capital value may decrease especially if you are investing for the short term), the amount you receive as income may vary over time or the value of your investment may not keep pace with inflation. This includes the possibility that OMI may not be able to achieve the medium to long term capital growth objectives.
- **Economic conditions** - The operating and financial performance of OMI is influenced by a variety of general economic and business conditions including the level of inflation, international share markets, interest rates and exchange rates, government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates may have a material adverse impact on OMI's business or financial situation.
- **Government** – Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and investor returns.

4.8 Further information on OMI and iSentric

Donaco Shareholders should consider the information considered in the Prospectus.

Donaco Shareholders should also have regard to the publicly information available in relation to iSentric and OMI, through Donaco's and OMI's periodic and continuous disclosure announcements. Copies of these announcements can be accessed on the ASX website (www.asx.com.au).

5. Impact on Donaco

5.1 Impact on financial position

The historical pro-forma consolidated statement of financial position presented below has been prepared to illustrate the effect of the proposed Distribution on Donaco on a pro-forma basis as at 31 December 2013.

It has been derived from Donaco's reviewed financial statements as at 31 December 2013 and reflects the position as if the iSentric Sale and the Distribution were completed on that date. As a result, the actual financial impact of the iSentric Sale and the Distribution will differ from the pro-forma information, as it is expected that completion of the iSentric Sale will take place on 5 September 2014 and the Distribution will be implemented on 16 September 2014.

The historical pro-forma consolidated statement of financial position has been prepared based on the accounting policies disclosed in the financial report of Donaco for the half-year ended 31 December 2013 and by applying the following pro-forma assumptions:

- there are 460,178,463 Donaco Shares on issue; and
- Donaco distributes 60,000,000 OMI Shares.

	Pro Forma A 31-Dec-13	Remove iSentric from consolidated accounts ²	Donaco Pro Forma following iSentric Sale ³	Record profit OR uplift in value prior to distribution ⁴	Pro Forma B ⁵
ASSETS					
Current Assets					
Cash and cash equivalents	113,446,732 ¹		851,388	112,595,344	112,595,344
Trade and other receivables	1,997,338	18,902	1,862,842	153,398	153,398
Inventories	253,443			253,443	253,443
Prepaid construction costs	22,022,090		11,205	22,010,885	22,010,885
Other current assets	827,060	8,500,000	60,620	9,266,440	3,500,000
Total Current Assets	138,546,663	8,518,902	2,786,055	144,279,510	3,500,000
Non Current Assets					
Property, plant and equipment	1,538,829		28,890	1,509,939	1,509,939
Intangible assets	9,796,836		7,370,649	2,426,187	2,426,187
Construction in progress	29,390,071			29,390,071	29,390,071
Other non current assets	221,766		125,347	96,419	96,419
Total Non -Current Assets	40,947,502		7,524,886	33,422,616	33,422,616
TOTAL ASSETS	179,494,165	8,518,902	10,310,941	177,702,126	181,202,126
LIABILITIES					
Current Liabilities					
Trade and other payables	11,363,701	1,065,796	18,902	10,316,807	10,316,807
Current tax liabilities	7,215,326	225,137		6,990,189	6,990,189
Provisions	446,441			446,441	446,441
Other current liabilities	129,836			129,836	129,836
Total Current Liabilities	19,155,304	1,290,933	18,902	17,883,273	17,883,273

	Pro Forma A 31-Dec-13	Remove iSentric from consolidated accounts ²		Donaco Pro Forma following iSentric Sale ³	Record profit OR uplift in value prior to distribution ⁴	Pro Forma B5
Non Current Liabilities						
Borrowings	6,715,114			6,715,114		6,715,114
Provisions	36,424			36,424		36,424
Total Non Current Liabilities	6,751,538			6,751,538		6,751,538
TOTAL LIABILITIES	25,906,842	1,290,933	18,902	24,634,811		24,634,811
NET ASSETS	153,587,323	7,227,969	10,292,039	153,067,316		156,567,316
EQUITY						
Contributed equity	132,926,887 ¹			132,926,887		132,926,887
Retained Earnings	13,374,539 ¹	506,327		12,868,212	3,500,000	16,368,212
Reserves	2,296,773	13,680		2,283,093		2,283,093
Equity attributable to equity holders	148,598,199	520,007		148,078,192		151,578,192
Non-controlling interests	4,989,124			4,989,124		4,989,124
TOTAL EQUITY	153,587,323			153,067,316		156,567,316

Notes:

- The column headed "Pro forma A" is the audited balance sheet of Donaco as at 31 December 2013 adjusted to include the \$75M capital raised since the balance date (second tranche approved 6 May 2014), excluding costs of 3.5% of the capital raising which have been deducted from retained earnings. The gradual exercise of options since 31 December 2013 has not been included in the pro forma statement.
- The column headed "Removal of iSentric from Consolidated Accounts" shows the required adjustments to remove iSentric from the Donaco consolidated accounts. Adjustments to include:
 - Reversal of intercompany receivables included in the 31 December 2013 consolidated balance sheet;
 - Removal of iSentric acquisition value to 'assets held for sale' account;
 - Elimination of the iSentric balance sheet from the Donaco consolidated accounts;
 - Removal post acquisition profit from retained earnings and reserve accounts.
- The column headed 'Donaco Pro Forma following iSentric Sale' shows the effect of the previous adjustments on the consolidated balance sheet.
- The column headed 'Record profit prior to distribution' shows the required accounting adjustments to record the profit on sale of iSentric.
- The column headed 'Pro Forma B' shows the effect of all previous adjustments to the consolidated balance sheet.

5.2 Impact on Donaco's creditors

A component of the Distribution comprises the Capital Return. The aggregate amount by which the Capital Return will reduce Donaco's total equity will be approximately \$8,500,000. The Board believes that this will not materially prejudice Donaco's ability to pay its creditors.

5.3 Impact on Donaco securities*Impact on share price*

If the Distribution is implemented, Donaco Shares may trade at a lower price on the Ex-Distribution Date than they would have done had the Distribution not been made. This is because an investment in Donaco will no longer include the investment in iSentric, which is to be distributed to Donaco Shareholders through the Distribution.

Impact on number of Donaco Shares

The Distribution will not have any effect on the number of Donaco Shares held by Donaco Shareholders.

Impact on Donaco Options

The Listing Rules provide that, on a return of capital, the number of Donaco Options must remain the same and the exercise price of each Donaco Option must be reduced by the same amount as the amount returned in relation to each Donaco Share. There are currently:

- 4,205,325 listed options on issue, each with a pre-Distribution exercise price of \$0.30;
- 4,010,511 options issued under Donaco's employee option plan approved at the 2013 AGM (**Employee Option**) on issue, each with a pre-Distribution exercise price of \$0.61; and
- 812,500 fully vested options issued to Main Ace Investment Limited under a subscription agreement dated 20 October 2011 (**Main Ace Options**) on issue, each with a pre-Distribution exercise price of \$0.56.

On completion of the Distribution, the exercise price for each Donaco Option on issue will be reduced by the value of the Capital Reduction, being the same amount that is returned on each Donaco Share under the Capital Reduction. Assuming that there are 460,282,631 Donaco Shares on issue at completion of the Distribution, the amount returned under the Capital Reduction is approximately \$0.02 per Donaco Share. Therefore, at this time, the exercise price of each:

- listed option on issue will be \$0.28;
- Employee Option on issue will be \$0.59; and
- Main Ace Option on issue will be \$0.54.

Please see Section 5.4 for details of the Directors' holdings of Donaco Options.

5.4 Directors' interests

Director's interests in Donaco

As at the date of this Booklet, the number of securities in Donaco in which the Directors and their associates have a relevant interest (for the purposes of the Corporations Act) is as follows:

Name of Director	Number of Donaco securities	
	Donaco Shares	Donaco Options
Stuart James McGregor	235,224	0
Joey Lim Keong Yew	207,281,345	407,371 Employee Options
Benedict Paul Reichel	183,306	203,686 Employee Options
Benjamin Lim Keong Hoe	174,291,200	0
Robert Andrew Hines	75,000	0

Director's interests in OMI

As at the date of this Booklet, the Directors and their associates have no relevant interest (for the purposes of the Corporations Act) in the securities of OMI.

The Directors will be entitled to participate in the Distribution.

As at the Distribution Date, the number of securities in OMI in which the Directors and their associates will have a relevant interest (for the purposes of the Corporations Act) is expected to be as follows

(assuming the Directors do not undertake any further acquisitions or disposals of securities in OMI between the date of this Booklet and the Distribution Date):

Name of Director	Number of OMI Shares
Stuart James McGregor	30,669
Benjamin Keong Hoe Lim	22,724,818
Benedict Paul Reichel	23,900
Robert Andrew Hines	9,776
Keong Yew Lim	27,026,212

See Section 4 for further details about the control impact of the Distribution.

6. Tax Implications

6.1 Introduction and Scope

The purpose of this Section is to provide a general overview of the Australian taxation implications for certain Donaco Shareholders who participate in the Distribution.

As outlined in the Explanatory Memorandum Donaco Shareholders shall become entitled to:

- the Special Dividend; and
- the Capital Return.

Both of these entitlements (the Distribution) will, at first instance, be satisfied by way of Donaco making an in specie distribution of approximately 0.13 OMI Shares (“the OMI Distribution Shares”) for each Donaco Share held on the Record Date.

For the purposes of this overview the Special Dividend shall also be taken to include any difference between the fair value of the OMI Distribution Shares and the sum of the Special Dividend and the Capital Return.

Subject to the comments above, this overview provides a general guide as to the taxation implications of the Distribution. The overview also comments on the tax implications of subsequent divestment of the Donaco Shares and the OMI Distribution Shares.

The overview does not apply to Donaco Shareholders who:

- do not hold their Donaco Shares on capital account (e.g. the shares are held as trading stock or revenue assets);
- are non-resident of Australia for income tax purposes;
- are subject to the employee share scheme rules in respect of their Donaco Shares;
- are trusts or superannuation funds; or
- are subject to the taxation of financial arrangements rules contained in Division 230 of the *Income Tax Assessment Act 1997*.

As it is a condition precedent to the implementation of the Distribution that Donaco receives the ATO Ruling, this overview does not address the taxation implications of the scenario whereby the ATO does not provide ‘demerger tax relief’.

This overview does not purport to represent a complete analysis of the potential taxation consequences of the Distribution and is intended to form a general guide only. This overview does not constitute tax advice as the application of the tax legislation may vary based on individual circumstances. Donaco Shareholders, and particularly those Donaco Shareholders not covered by this overview as outlined above, should seek their own tax advice from an appropriately qualified professional advisor on the taxation implications relating to the Distribution based on their own specific circumstances.

This overview is prepared based on the Australian taxation law in force as at 5:00pm (AEDT) on 6 May 2014. This overview does not take into account or anticipate any changes in Australian taxation legislation or judicial interpretation of that legislation after this time. This overview does not consider the taxation law of any countries other than Australia.

6.2 Application for ATO Ruling – Demerger Tax Relief

Donaco is in the process of applying for the ATO Ruling as to whether Donaco Shareholders (of the profile described above) will be eligible to choose demerger tax relief in respect of the Distribution.

It cannot be stated with any certainty as to whether the ATO will issue the ATO Ruling.

If the ATO Ruling confirms that demerger tax relief is available, then:

- no part of the Distribution will be regarded as an assessable dividend for Donaco Shareholders; and
- Donaco Shareholders will be able to choose to obtain relief from any capital gains tax ("CGT") that may otherwise arise from the Capital Return.

This overview includes observations of the tax implications where:

- demerger tax relief is available and Donaco Shareholders choose to avail themselves of demerger tax relief (Section 6.3); and
- demerger tax relief is available and Donaco Shareholders choose not to avail themselves of demerger tax relief (Section 6.4).

6.3 Donaco Shareholders Choose to Avail Themselves of Demerger Tax Relief Demerger Dividend

(a) Demerger Dividend

The Special Dividend will not be assessable income (or exempt income) of Donaco Shareholders irrespective of whether they choose demerger relief. Donaco will not elect for the Special Dividend to be assessable to the Donaco Shareholders. There will be no franking credits attached to the Special Dividend.

(b) Capital Return

The payment of the Capital Return (by way of the OMI Distribution Shares) will constitute a 'CGT event G1' under the Tax Act for the Donaco Shareholders. The Donaco Shareholders can choose to disregard the consequences of this CGT event and hence, *inter alia*, no CGT will be payable by the Donaco Shareholders in respect of the Distribution. No formal election is required to be prepared or lodged in order to obtain demerger tax relief. Donaco Shareholders who choose to obtain demerger tax relief should prepare their income tax return in a manner consistent with that choice.

(c) Cost Base of Donaco Shares and OMI Distribution Shares and the CGT Date of Acquisition of the OMI Distribution Shares

The CGT cost base and reduced cost base of the Donaco Shares and the OMI Distribution Shares will be respectively calculated by reasonably apportioning the CGT cost base and reduced cost base of the Donaco Shares, worked out just before the Distribution Date, as between each Donaco Share and each OMI Distribution Share held immediately after the Distribution.

This apportionment is to be based on the relative actual market values of the Donaco Shares and the OMI Distribution Shares (or a reasonable approximation of those market values) just after the Distribution. Donaco will provide Donaco Shareholders with this information after the Distribution.

The OMI Distribution Shares will be taken to have been acquired, for CGT purposes, on the same date as the original Donaco Shares were acquired.

6.4 Donaco Shareholders Do Not Choose to Avail Themselves of Demerger Tax Relief

(a) Demerger Dividend

The Special Dividend will not be assessable income (or exempt income) of Donaco Shareholders irrespective of whether they choose demerger relief. Donaco will not elect for the Special Dividend to be assessable to the Donaco Shareholders. There will be no franking credits attached to the Special Dividend.

(b) *Capital Return*

The payment of the Capital Return (by way of the OMI Distribution Shares) will constitute a 'CGT event G1' under the Tax Act for the Donaco Shareholders.

Where the amount of the Capital Return does not exceed the original cost base for the Donaco Shares held by a Donaco Shareholder, there will be no amount of resultant assessable capital gain in respect of the Capital Return.

Where the amount of the Capital Return does exceed the original cost base for the Donaco Shares held by a Donaco Shareholder, the amount of such excess will constitute an assessable capital gain. Donaco Shareholders who are individuals may be entitled to reduce this *prima facie* capital gain (after taking into account available capital losses) by a CGT discount rate of 50% if they have held, or are deemed to have held, their Donaco Shares for at least 12 months prior to the Distribution Date. Companies are not entitled to claim the CGT discount.

(c) *CGT Cost Base of Donaco Shares and OMI Distribution Shares and the CGT Date of Acquisition of the OMI Distribution Shares*

The CGT cost base and reduced cost base of the Donaco Shares and the OMI Distribution Shares will be calculated as outlined at Section 6.3(c) above.

The Distribution Shares will be taken to have been acquired, for CGT purposes, on the Distribution Date.

6.5 Subsequent Sale of Donaco Shares or OMI Distribution Shares

Donaco Shareholders who dispose of their Donaco Shares or their OMI Distribution Shares after the Distribution will realise an assessable capital gain if the proceeds received on disposal exceed the cost base of the relevant shares.

Individuals may be entitled to reduce this *prima facie* capital gain (after taking into account available capital losses) by a CGT discount rate of 50% if they have held, or are deemed to have held, their shares for at least 12 months prior to a sale. Companies are not entitled to claim the CGT discount.

A capital loss will arise where the proceeds from the disposal of the shares are less than the reduced cost base of those shares.

6.6 Other Matters

Donaco Shareholders will not be liable for any amount of Australian goods and services tax or stamp duty in respect of the Distribution.

7. Additional information

7.1 Introduction

This Section 7 includes additional information that Donaco considers is material to the decision on how to vote with respect to the Capital Return Resolution and the Constitutional Amendment Resolution.

7.2 Capital Return Resolution is inter-conditional

The Capital Return Resolution is inter-conditional on the Constitutional Amendment Resolution. This means that the Constitutional Amendment Resolution needs to be passed for the approval sought in respect of the Capital Return Resolution to be effective.

The Constitutional Amendment Resolution is not inter-conditional on the Capital Return Resolution. This means that, if passed, the Constitutional Amendment Resolution will be effective even if the Capital Return Resolution is not approved.

7.3 Regulatory requirements

This Section 7.3 summarises the requirements of the Corporations Act which are relevant to the Resolutions.

Section 136(2) of the Corporations Act

Section 136 of the Corporations Act governs constitutions and constitutional amendments. In order to vary a constitutional term, Section 136(2) of the Corporations Act requires companies seek shareholder approval.

The purpose of the Constitution Amendment Resolution is to vary the terms of the Donaco Constitution. For this reason, Donaco is seeking Shareholder approval for purposes of Section 136(2) of the Corporations Act.

Section 256C of the Corporations Act and Listing Rule 7.20

Under Section 256B of the Corporations Act, Donaco may only reduce its share capital if the reduction:

- (a) is fair and reasonable to Donaco Shareholders as a whole;
- (b) does not materially prejudice Donaco's ability to pay its creditors; and
- (c) is approved by Donaco Shareholders under Section 256C of the Corporations Act.

The purpose of the Capital Return Resolution is to give Donaco the authority to reduce its share capital in accordance with Section 256B of the Corporations Act. For this reason, Donaco is seeking Shareholder approval for purposes of Section 256C of the Corporations Act.

7.4 Information required for the purpose of the Constitution Amendment Resolution

The Constitution Amendment Resolution, if passed, will constitute the approval of Donaco Shareholders under Section 136(2) of the Corporations Act to the modification of the Constitution.

The existing Constitution allows the Directors to make an in specie dividend. However, it does not give them certain ancillary powers to effect an in specie dividend comprising a distribution of shares in another company. The purpose of the Constitution Amendment is to give the Directors these powers, so to enable them to implement the Special Dividend and to provide greater flexibility for the payment of in specie dividends in the future.

Donaco proposes to amend the Constitution by inserting a new Article 21.8A as follows:

21.8A Payment in kind by way of securities in another corporation

Where the Board resolves to satisfy the payment of dividend by way of distribution of specific assets, being shares or other securities in another corporation, each member is taken to have agreed to become a member of that corporation and to have agreed to be bound by the constitution of that corporation. Each member also appoints the Company as their attorney to:

- (a) agree to the member becoming a member of that corporation;*
- (b) agree to the member being bound by the constitution of that corporation; and*
- (c) execute any transfer of shares or other securities, or other document required to give effect to the distribution of shares or other securities to that member.*

The Directors recommend that the Constitution Amendment Resolution be approved.

The Constitution Amendment Resolution will be considered by Donaco Shareholders at the General Meeting as the first item of business. In accordance with Section 136(2) of the Corporations Act, the Constitution Amendment Resolution must be approved by a special resolution requiring 75% of the votes cast by or on behalf of Donaco Shareholders on the resolution, in order to be passed.

If the Constitution Amendment Resolution is passed, the Constitution Amendment will be implemented and binding upon all Donaco Shareholders, regardless of how (or if) they vote on the resolution.

A copy of the Constitution is available on Donaco's website (www.donacointernational.com) or you may telephone +61 2 9017 7000 for a hard copy to be mailed to you.

7.5 Information required for the purpose of the Capital Return Resolution

The Capital Return Resolution, if passed, will constitute the approval of Donaco Shareholders under Section 256C of the Corporations Act for the Capital Return. If implemented Donaco Shares will be reduced on a pro-rata basis by an aggregate amount of approximately \$8,500,000.

No Donaco Shares will be cancelled in connection with the Capital Return. Accordingly, the Capital Return itself will not affect the number of Donaco Shares held by each Donaco Shareholder.

In accordance with Section 256C of the Corporations Act, the Capital Return Resolution must be approved by a simple majority of votes cast by or on behalf of Donaco Shareholders on the resolution, in order to be passed.

The Directors are of the view that the proposed Capital Return is fair and reasonable to Donaco Shareholders as a whole and that the Capital Return will not materially prejudice Donaco's ability to pay its creditors. See Section 5 for further details.

7.6 Voting Restrictions

No Donaco Shareholders will be excluded from voting on either of the Resolutions at the General Meeting.

7.7 Independent advice

Shareholders should consult their legal, financial, taxation or other professional adviser if they have any queries regarding:

- the Proposal, the Distribution and, if you are an Eligible Shareholder, whether to participate in the Sale Facility;
- the taxation implication for them if the Distribution is implemented;

- any other aspects of this Booklet.

7.8 Other Material Information

Donaco will issue a supplementary document to this Booklet if it becomes aware of any of the following between the date of despatch of this Booklet and the date of the General Meeting:

- a material statement in this Booklet is false or misleading in a material respect;
- a material omission from this Booklet;
- a significant change affecting a matter included in this Booklet; or
- a significant new matter has arisen and it would have the effect of any of the above.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Donaco may circulate and publish any supplementary document by:

- making an announcement to ASX; and/or
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia; and/or
- posting the supplementary document to Shareholders at their registered address as shown in the Donaco share register; and/or
- posting a statement on Donaco's corporate website,

as Donaco in its absolute discretion considers appropriate.

8. Glossary

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange as appropriate.

ATO means the Australian Taxation Office.

ATO Ruling means a binding ruling issued by the ATO pursuant to which ATO determines each of the following: (i) section 125-155 of the Tax Act applies to Donaco; (ii) Donaco Shareholders can choose to obtain rollover under section 125-55 of the Tax Act; (iii) no part of the Distribution will be treated as an assessable dividend including via an application of the integrity provisions (sections 45B and 45C of the Tax Act).

Board means the board of Directors.

Booklet means this document, comprising the Explanatory Memorandum and the Notice of General Meeting.

Capital Return means the equal capital reduction per Donaco Share equal to \$8,500,000, payment of that capital reduction and the Special Dividend to be satisfied by the Distribution.

Capital Return Resolution means Resolution 2 in the Notice of General Meeting.

Constitution means the constitution of Donaco.

Constitution Amendment means the amendment to the Constitution contemplated by the Constitution Amendment Resolution.

Constitution Amendment Resolution means Resolution 1 in the Notice of General Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of Donaco.

Distribution means the distribution of OMI Shares to Donaco Shareholders on approximately a 0.13 for 1 basis implemented through the Capital Return and the Special Dividend.

Distribution Date means 16 September 2014 or such other date the Directors determine for the Distribution to be made.

Donaco means Donaco International Limited (ACN 007 424 777).

Donaco listed options means quoted options to acquire Donaco Shares, issued on the terms set out in Section 11.4 of Donaco's prospectus dated 13 December 2012.

Donaco Options means options on issue in Donaco.

Donaco Shares means fully paid ordinary shares in the capital of Donaco.

Donaco Shareholders means the holders of Donaco Shares.

Donaco Share Registry means Boardroom Pty Limited.

Main Ace Options means unquoted options to acquire Donaco Shares, issued on the terms set out in a subscription agreement between Donaco and Main Ace Investment Limited dated 20 October 2011.

Employee Options means unquoted options to acquire Donaco Shares, issued on the terms set out in Donaco's employee option plan as approved by shareholders at the Annual General Meeting held on 21 November 2013.

Election Date means the latest time and date for receipt of Sale Facility Election Forms to participate in the Sale Facility, being 7pm (Sydney time) on 12 September 2014.

Eligible Shareholder means a Shareholder on the Record Date other than an Ineligible Shareholder.

Ex-Distribution Date means the day on which Donaco Shares commence trading on ASX without an entitlement to the Distribution, expected to be 9 September 2014.

Explanatory Memorandum means the explanatory statement contained in this Booklet in respect of the General Meeting.

General Meeting means the general meeting of Shareholders to be convened on 25 August 2014 (subject to any adjournment) to consider the Proposal.

GST has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

IFRS means International Financial Reporting Standards.

Ineligible Shareholder means a Shareholder on the Record Date:

- (a) whose address is shown on the Donaco share register, or who is a trustee or custodian for a beneficial owner of Donaco Shares (in whole or part) whose address is in, or who is a citizen or resident or who Donaco otherwise believes may be a citizen or resident of a country, outside Australia and its external territories, unless Donaco is satisfied that the laws of the applicable overseas jurisdiction permit the transfer of OMI Shares to that person pursuant to the Distribution; or
- (b) whose aggregate entitlement under the Distribution is valued at \$500 or less.

iSentric means iSentric Sdn Bhd.

iSentric/OMI Merged Entity means OMI following completion of the iSentric Sale.

iSentric Sale means the sale by Donaco of 100% of its interest in iSentric to OMI in consideration of an issue of OMI Shares to Donaco to be implemented on the terms and conditions of a sale agreement between OMI and Donaco dated 9 May 2014.

Listing Rules means the Listing Rules of ASX.

Notice of General Meeting means the notice of general meeting attached to the Explanatory Memorandum.

OMI means OMI Holdings Limited (ACN 091 192 871).

Public Offer has the meaning given in Section 4.

OMI Shares means fully paid ordinary shares in the capital of OMI.

OMI Constitution means the constitution of OMI.

Proposal means the Constitution Amendment and the Distribution.

Prospectus means the prospectus issued by OMI Holdings Limited and dated 16 July 2014, a copy of which is enclosed with this Booklet.

Proxy Form means the proxy form accompanying this Booklet.

Record Date means 7:00pm (Sydney time) on 12 September 2014 or such other date as the Directors specify as the record date for the Distribution.

Sale Agent means the broker appointed by Donaco to sell the OMI Shares under the Sale Facility.

Sale Facility means the sale facility described in Section 3.

Sale Facility Election Form means the form for participation in the Sale Facility provided to Eligible Shareholders.

Sale Facility Proceeds means the amount to be received by each Selling Shareholder pursuant to the Sale Facility, as described in Section 3.

Sale Period means the period during which OMI Shares are sold under the Sale Facility, as described in Section 3.

Selling Shareholder means each:

- (a) Eligible Shareholder who has elected to participate in the Sale Facility; and
- (b) Ineligible Shareholder.

Special Dividend means the dividend per Donaco Share of an amount equal to \$3,500,000, payment of that dividend and the Capital Return to be satisfied by the Distribution.

Tax Act means collectively the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth).

TFN means tax file number.

Trading Day means a day which is a trading day within the meaning of the Listing Rules.

Appendix 1 – Notice of Meeting

Donaco International Limited (ACN 007 427 777)

Notice of Meeting

To be held at 3:00pm (Sydney time) on 25 August 2014 at The Westin Sydney, 1 Martin Place, Sydney New South Wales 2000 Australia with registration commencing at 2:00pm.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of Meeting is an appendix to an Explanatory Memorandum.

The Explanatory Memorandum and its appendices have been prepared to assist Shareholders in determining whether or not to vote in favour of the Resolutions set out in this Notice of Meeting.

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed Proxy Form without delay and ensure it is received by Donaco's share registry by no later than 3:00pm on 23 August 2014.

The business of the meeting is to consider the following proposed resolution.

Resolution 1: Approval of Constitution Amendment Resolution

To consider and, if thought fit, to pass the following as a special resolution:

“That, with effect from completion of the iSentric Sale, the Constitution is amended by inserting a new Article 21.8A as follows:

21.8A Payment in kind by way of securities in another corporation

Where the Board resolves to satisfy the payment of dividend by way of distribution of specific assets, being shares or other securities in another corporation, each member is taken to have agreed to become a member of that corporation and to have agreed to be bound by the constitution of that corporation. Each member also appoints the Company as their attorney to:

- (a) agree to the member becoming a member of that corporation;*
- (b) agree to the member being bound by the constitution of that corporation; and*
- (c) execute any transfer of shares or other securities, or other document required to give effect to the distribution of shares or other securities to that member.”*

Resolution 2: Approval of Capital Return Resolution

To consider and, if thought fit, to pass the following as an ordinary resolution:

“That, subject to and conditional upon the passing of the Constitution Amendment Resolution and receipt of all necessary tax rulings and corporate authorisations, for the purposes of Part 2J.1 of the Corporations Act and for all other purposes, approval is given for the share capital of Donaco to be reduced by an aggregate amount equal to \$8,500,000, with payment of that reduction of capital and the Special Dividend as resolved by the Board to be satisfied by:

- a) Donaco transferring on the Distribution Date to each Eligible Shareholder approximately 0.13 OMI Shares for each Donaco Share held by that holder on the Record Date; and*
- b) in the case of each Eligible Shareholder who elects to participate in the Sale Facility and each Ineligible Shareholder, Donaco transferring to the Sale Agent the OMI Shares that the relevant Donaco Shareholder would otherwise be entitled to receive under paragraph (a) to be sold pursuant to the Sale Facility.”*

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the General Meeting, Shares will be taken to be held by the persons who are the registered holders at 3:00pm (Sydney time) on 23 August 2014. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting restrictions and exclusions in respect of the Resolutions are set out below for each resolution.

How to vote

Shareholders entitled to vote at the General Meeting may vote:

- (d) by attending the meeting and voting in person; or

- (e) by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate members or proxies, a corporate representative to attend the meeting and vote on its behalf; or
- (f) by appointing a proxy to attend and vote on their behalf, using the Proxy Form accompanying this Notice. A proxy may be an individual or a body corporate.

Voting in person (or by attorney)

Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the General Meeting and bring a form of personal identification (such as their driver's licence).

To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Registry before 3:00pm (Sydney time) on 23 August 2014.

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the General Meeting to be held at The Westin Sydney, 1 Martin Place, Sydney, New South Wales 2000 Australia on 25 August 2014 commencing at 3:00pm (Sydney time).

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- (a) died;
- (b) became mentally incapacitated;
- (c) revoked the proxy or power; or
- (d) transferred the Shares in respect of which the vote was cast,

unless Donaco received written notification of the death, mental incapacity, revocation or transfer before the meeting or adjourned meeting.

Voting by proxy

Shareholders wishing to vote by proxy at this meeting must:

- (a) complete and sign or validly authenticate the Proxy Form, which is enclosed with this Booklet; and
- (b) deliver the signed and completed Proxy Form to Donaco by 3:00pm (Sydney time) on 23 August 2014 in accordance with the instructions below.

A person appointed as a proxy may be an individual or a body corporate.

Submitting proxy votes

Shareholders wishing to submit proxy votes for the General Meeting must return the enclosed Proxy Form to Donaco in any of the following ways:

by post at:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

or by hand delivery:

Level 7, 207 Kent Street
Sydney NSW 2000 Australia

or by facsimile to:

+61 2 9290 9655

Note: proxies may not be returned by email, nor is internet voting available.

Notes for proxies

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote at the meeting on that Shareholder's behalf.
2. A proxy need not be a Shareholder.
3. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Shareholder's proxy.
4. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half the votes.
5. An appointment of a proxy may specify the way the proxy is to vote on a particular resolution. If it does:
 - (a) The proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) If the proxy has 2 or more appointments that specify different ways to vote on the resolution the proxy must not vote on a show of hands.
6. A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:
 - (a) if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed; and
 - (b) if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.
7. If a proxy appointment is signed or validly authenticated by the Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or the Company Secretary. If:
 - (a) a Shareholder nominates the Chairman of the meeting as the Shareholder's proxy; or
 - (b) the Chairman is to act as proxy if a proxy appointment is signed by a Shareholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the Proxy Form,

then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.
8. Proxy appointments in favour of the Chairman of the meeting, the Company Secretary or any Director which do not contain a direction will be voted in support of the Resolutions.

Corporate representatives

1. To vote in person at the General Meeting, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.

2. To vote by corporate representative at the meeting, a corporate Shareholder or proxy should obtain an Appointment of Corporate Representative Form from the Registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting.
3. The appointment of a representative may set out restrictions on the representative's powers.
4. The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.
5. The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the Board



Ben Reichel
Executive Director
& Company Secretary