

**Donaco International Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity: Donaco International Limited  
ABN: 28 007 424 777  
Reporting period: For the year ended 30 June 2014  
Previous period: For the year ended 30 June 2013

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**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	76.7% to	29,245,748
Profit from ordinary activities after tax attributable to the owners of Donaco International Limited	down	3.3% to	6,793,403
Profit for the year attributable to the owners of Donaco International Limited	down	3.3% to	6,793,403

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$6,793,403 (30 June 2013: \$7,026,199).

Revenue from ordinary activities in FY14 includes interest income, but not exchange rate gains or any other form of income.

Full details and commentary on the performance of the consolidated entity are provided in the ASX release and FY14 Results Presentation released to the market on 25 August 2014.

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**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>30.29</u>	<u>11.35</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

On 26 February 2014, Donaco International Limited announced that it planned to spin off its mobile technology business, which trades under the name iSentric, into a new company separately listed on the ASX. A binding Share Sale and Purchase Agreement to implement the transaction was signed with OMI Holdings Limited (ASX:OMI) on 9 May 2014.

The Transaction values iSentric at \$12 million. Donaco purchased iSentric for \$8.5 million in scrip, with the acquisition completed on 1 June 2013. To implement the Transaction, OMI will issue \$12 million worth of shares to Donaco. In return, Donaco will transfer its 100% ownership of iSentric Sdn Bhd to OMI.

Donaco then intends to distribute its shares in the combined entity to Donaco shareholders in specie. Donaco shareholders with a minimum of 19,178 shares on the record date of 12 September 2014 will receive approximately 0.13 iSentric shares for each Donaco share. Holders of fewer Donaco shares will have their entitlements sold, and will receive the proceeds of sale (less costs) in cash.

The Transaction was approved by OMI shareholders at an Extraordinary General Meeting on 20 August 2014, and by Donaco shareholders at an Extraordinary General Meeting on 25 August 2014. The Transaction is currently expected to complete in mid September 2014.

As a result of this transaction, iSentric Sdn Bhd has been treated as a discontinued operation in the attached report. Revenues and cost lines have been excluded from the financial statements, with a separate line for "Profit after income tax from discontinued operations" in the "Statement of Profit or Loss and other comprehensive information."

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**6. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
Lao Cai International Hotel Joint Venture Company	95.00%	75.00%	12,125,563	8,068,145
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			12,125,563	8,068,145
Income tax on operating activities			2,860,637	2,663,456

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**9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**10. Audit qualification or review**

This Preliminary Final Report for the year ended 30 June 2014 is based on accounts which are currently being audited by the company's independent auditor, William Buck.

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**11. Attachments**

The Preliminary Final Report of Donaco International Limited for the year ended 30 June 2014 is attached.

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**12. Signed**

Signed  \_\_\_\_\_

Date: 25 August 2014

Mr Stuart McGregor  
Chairman  
Sydney

# **Donaco International Limited**

**ABN 28 007 424 777**

**Preliminary Final Report - 30 June 2014**

**Donaco International Limited**  
**Contents**  
**30 June 2014**

**Contents**

Statement of profit or loss and other comprehensive income  
Statement of financial position  
Statement of changes in equity  
Statement of cash flows  
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**General information**

The financial statements cover Donaco International Limited as a consolidated entity consisting of Donaco International Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Donaco International Limited's functional and presentation currency.

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

Suite 2.02  
55 Miller Street  
Pyrmont NSW 2009

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2014. The directors have the power to amend and reissue the financial statements.

**Donaco International Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2014**

	Note	Consolidated 2014 \$	2013 \$
<b>Revenue</b>	1	21,111,819	16,076,337
Other income	2	121,674	2,121,772
<b>Expenses</b>			
Cost of sales		(1,270,995)	(679,319)
Employee benefits expense		(5,882,036)	(3,329,484)
Depreciation and amortisation expense	3	(270,153)	(189,837)
Legal and compliance		(452,412)	(237,667)
Marketing and promotions		(510,722)	(238,434)
Professional and consulting fees		(300,346)	(311,695)
Property costs		(545,837)	(438,548)
Telecommunications and hosting		(176,299)	(215,148)
Other expenses		(2,231,618)	(913,011)
Finance costs		(920)	-
<b>Profit before income tax expense from continuing operations</b>		9,592,155	11,644,966
Income tax expense		(2,892,203)	(2,663,247)
Profit after income tax expense from continuing operations		6,699,952	8,981,719
Profit after income tax expense from discontinued operations		1,570,130	61,517
<b>Profit after income tax expense for the year</b>		8,270,082	9,043,236
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(1,316,108)	1,574,774
Other comprehensive income for the year, net of tax		(1,316,108)	1,574,774
<b>Total comprehensive income for the year</b>		<u>6,953,974</u>	<u>10,618,010</u>
Profit for the year is attributable to:			
Non-controlling interest		1,476,679	2,017,037
Owners of Donaco International Limited	5	6,793,403	7,026,199
		<u>8,270,082</u>	<u>9,043,236</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		1,603,297	2,350,634
Discontinuing operations		-	-
Non-controlling interest		<u>1,603,297</u>	<u>2,350,634</u>
Continuing operations		3,780,547	8,205,859
Discontinuing operations		1,570,130	61,517
Owners of Donaco International Limited		<u>5,350,677</u>	<u>8,267,376</u>
		<u>6,953,974</u>	<u>10,618,010</u>

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

**Donaco International Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2014**

	Note	Consolidated	
		2014	2013
		\$	\$
		Cents	Cents
<b>Earnings per share for profit from continuing operations attributable to the owners of Donaco International Limited</b>			
Basic earnings per share	6	1.70	2.51
Diluted earnings per share	6	1.66	2.44
<b>Earnings per share for profit from discontinued operations attributable to the owners of Donaco International Limited</b>			
Basic earnings per share	6	0.51	0.02
Diluted earnings per share	6	0.50	0.02
<b>Earnings per share for profit attributable to the owners of Donaco International Limited</b>			
Basic earnings per share	6	2.22	2.53
Diluted earnings per share	6	2.16	2.46

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

**Donaco International Limited**  
**Statement of financial position**  
**As at 30 June 2014**

	Note	Consolidated	
		2014	2013
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	98,034,937	29,404,205
Trade and other receivables		771,310	3,179,668
Inventories		1,405,726	225,210
Prepaid construction costs		18,815,625	12,317,843
Other		2,238,260	145,461
		<u>121,265,858</u>	<u>45,272,387</u>
Assets of disposal groups classified as held for sale		5,706,816	-
Total current assets		<u>126,972,674</u>	<u>45,272,387</u>
<b>Non-current assets</b>			
Property, plant and equipment		4,885,952	1,552,965
Intangibles		9,796,836	9,796,836
Construction in progress		39,151,630	12,336,321
Other		1,061,041	215,455
Total non-current assets		<u>54,895,459</u>	<u>23,901,577</u>
<b>Total assets</b>		<u>181,868,133</u>	<u>69,173,964</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		12,635,132	11,447,235
Borrowings		1,446,596	-
Income tax		4,851,700	5,171,114
Employee benefits		70,490	457,146
Other		-	63,043
		<u>19,003,918</u>	<u>17,138,538</u>
Liabilities directly associated with assets classified as held for sale		2,998,897	-
Total current liabilities		<u>22,002,815</u>	<u>17,138,538</u>
<b>Non-current liabilities</b>			
Borrowings		10,608,370	-
Employee benefits		20,485	32,969
Total non-current liabilities		<u>10,628,855</u>	<u>32,969</u>
<b>Total liabilities</b>		<u>32,631,670</u>	<u>17,171,507</u>
<b>Net assets</b>		<u>149,236,463</u>	<u>52,002,457</u>
<b>Equity</b>			
Issued capital		129,964,909	34,692,937
Reserves		(478,093)	964,633
Retained profits	5	18,690,859	12,745,584
Equity attributable to the owners of Donaco International Limited		<u>148,177,675</u>	<u>48,403,154</u>
Non-controlling interest		1,058,788	3,599,303
<b>Total equity</b>		<u>149,236,463</u>	<u>52,002,457</u>

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



**Donaco International Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2014**

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Retained profits</b> <b>\$</b>	<b>Non-controlling interest</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2012	1,619	(276,544)	5,707,548	1,983,157	7,415,780
Profit after income tax expense for the year	-	-	7,026,199	2,017,037	9,043,236
Other comprehensive income for the year, net of tax	-	1,241,177	-	333,597	1,574,774
Total comprehensive income for the year	-	1,241,177	7,026,199	2,350,634	10,618,010
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	34,680,692	-	-	-	34,680,692
Employee share options issued	22,463	-	-	-	22,463
Employee share options lapsed	(11,837)	-	11,837	-	-
Dividends paid to non-controlling interest	-	-	-	(734,488)	(734,488)
Balance at 30 June 2013	<u>34,692,937</u>	<u>964,633</u>	<u>12,745,584</u>	<u>3,599,303</u>	<u>52,002,457</u>
<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Retained profits</b> <b>\$</b>	<b>Non-controlling interest</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2013	34,692,937	964,633	12,745,584	3,599,303	52,002,457
Profit after income tax expense for the year	-	-	6,793,403	1,476,679	8,270,082
Other comprehensive income for the year, net of tax	-	(1,442,726)	-	126,618	(1,316,108)
Total comprehensive income for the year	-	(1,442,726)	6,793,403	1,603,297	6,953,974
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	101,073,907	-	-	-	101,073,907
Unissued shares	(300,000)	-	300,000	-	-
Share issue expense	(5,501,935)	-	-	-	(5,501,935)
Additional holding in Lao Cai JV	-	-	(1,148,128)	(3,322,272)	(4,470,400)
Dividends paid to non-controlling interest	-	-	-	(821,540)	(821,540)
Balance at 30 June 2014	<u>129,964,909</u>	<u>(478,093)</u>	<u>18,690,859</u>	<u>1,058,788</u>	<u>149,236,463</u>

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

**Donaco International Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2014**

	Note	Consolidated	
		2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		34,465,583	28,432,419
Payments to suppliers and employees		(16,517,800)	(16,689,439)
		17,947,783	11,742,980
Interest received		566,303	56,044
Government levies, gaming taxes and GST		(8,825,898)	(7,697,580)
Net cash from operating activities		<u>9,688,188</u>	<u>4,101,444</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(41,262,043)	(9,626,742)
Cash and cash equivalents on acquisition of subsidiaries		-	1,188,298
Proceeds from sale of investments		103,865	118,615
Proceeds from sale of property, plant and equipment		(186,673)	45,682
Net cash used in investing activities		<u>(41,344,851)</u>	<u>(8,274,147)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		101,073,907	25,078,425
Proceeds from borrowings		12,054,966	-
Payment of equity raising expenses		(5,501,935)	(1,865,770)
Dividends paid by controlled entities to non-controlling interests		(821,540)	(1,017,586)
Purchase of additional 20% non controlling interest from Sapa Petroleum		(4,470,400)	-
Net cash from financing activities		<u>102,334,998</u>	<u>22,195,069</u>
Net increase in cash and cash equivalents		70,678,335	18,022,366
Cash and cash equivalents at the beginning of the financial year		29,404,205	10,356,152
Effects of exchange rate changes on cash and cash equivalents		(586,375)	1,025,687
Cash and cash equivalents at the end of the financial year	4	<u><u>99,496,165</u></u>	<u><u>29,404,205</u></u>

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

**Donaco International Limited**  
**Notes to the financial statements**  
**30 June 2014**

**Note 1. Revenue**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Sales revenue from continuing operations</i>		
Casino operations	19,471,405	14,664,539
Gaming technology operations	694,206	536,694
	<u>20,165,611</u>	<u>15,201,233</u>
<i>Other revenue from continuing operations</i>		
Interest	946,208	875,104
Revenue	<u>21,111,819</u>	<u>16,076,337</u>

In the year ended 30 June 2013, the interest comparative included a non-recurring item of \$624,904, representing a creditor write back by Donaco Singapore Pte Ltd prior to listing on the ASX.

**Note 2. Other income**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Net foreign exchange gain	121,674	1,258,808
Sale of TAB Active	-	862,964
Other income	<u>121,674</u>	<u>2,121,772</u>

**Note 3. Expenses**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax from continuing operations includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	1,270,995	679,319
<i>Depreciation</i>		
Buildings and structures	58,758	51,733
Machinery and equipment	108,821	55,669
Office equipment	45,081	51,859
Motor vehicles	57,493	30,576
Total depreciation	<u>270,153</u>	<u>189,837</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>63,296</u>	<u>28,490</u>

**Donaco International Limited**  
**Notes to the financial statements**  
**30 June 2014**

**Note 4. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	5,514,580	9,951,954
Cash at bank	6,160,255	12,050,857
Bank deposits with original maturities of less than 3 months	86,360,102	7,401,394
	<u>98,034,937</u>	<u>29,404,205</u>

*Reconciliation to cash and cash equivalents at the end of the financial year*

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	98,034,937	29,404,205
Cash and cash equivalents - classified as held for sale	<u>1,461,228</u>	<u>-</u>
Balance as per statement of cash flows	<u>99,496,165</u>	<u>29,404,205</u>

**Note 5. Equity - retained profits**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Retained profits at the beginning of the financial year	12,745,584	5,707,548
Profit after income tax expense for the year	6,793,403	7,026,199
Transfer from contributed equity	300,000	11,837
Adjustment on the acquisition of non-controlling interest	<u>(1,148,128)</u>	<u>-</u>
Retained profits at the end of the financial year	<u>18,690,859</u>	<u>12,745,584</u>

**Note 6. Earnings per share**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax	6,699,952	8,981,719
Non-controlling interest	<u>(1,476,679)</u>	<u>(2,017,037)</u>
Profit after income tax attributable to the owners of Donaco International Limited	<u>5,223,273</u>	<u>6,964,682</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	306,593,004	277,827,871
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>7,869,582</u>	<u>7,388,761</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>314,462,586</u>	<u>285,216,632</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	1.70	2.51
Diluted earnings per share	1.66	2.44

**Donaco International Limited**  
**Notes to the financial statements**  
**30 June 2014**

**Note 6. Earnings per share (continued)**

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for profit from discontinued operations</i>		
Profit after income tax attributable to the owners of Donaco International Limited	<u>1,570,130</u>	<u>61,517</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	306,593,004	277,827,871
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>7,869,582</u>	<u>7,388,761</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>314,462,586</u>	<u>285,216,632</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.51	0.02
Diluted earnings per share	0.50	0.02
	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for profit</i>		
Profit after income tax	8,270,082	9,043,236
Non-controlling interest	<u>(1,476,679)</u>	<u>(2,017,037)</u>
Profit after income tax attributable to the owners of Donaco International Limited	<u>6,793,403</u>	<u>7,026,199</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	306,593,004	277,827,871
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>7,869,582</u>	<u>7,388,761</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>314,462,586</u>	<u>285,216,632</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	2.22	2.53
Diluted earnings per share	2.16	2.46

