

**Donaco International Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity: Donaco International Limited  
 ABN: 28 007 424 777  
 Reporting period: For the half-year ended 31 December 2014  
 Previous period: For the half-year ended 31 December 2013

---

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

|  |      |          | \$         |
|--|------|----------|------------|
| Revenues from ordinary activities  | down | 11.9% to | 11,398,628 |
| Profit from ordinary activities after tax attributable to the owners of Donaco International Limited | down | 74.8% to | 745,927    |
| Profit for the half-year attributable to the owners of Donaco International Limited                  | down | 74.8% to | 745,927    |

*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 \$745,927 (31 December 2013: \$2,955,162).

---

**3. Net tangible assets**

|   | Reporting period<br>Cents | Previous period<br>Cents |
|---|---------------------------|--------------------------|
| Net tangible assets per ordinary security | <u>31.79</u>              | <u>30.29</u>             |

---

**4. Control gained over entities**

Name of entities (or group of entities) Not Applicable

Date control gained

|  | \$ |
|--|----|
| Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)            | -  |
| Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material) | -  |

---

**5. Loss of control over entities**

Name of entities (or group of entities) Refer below

Date control lost Refer below

\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material) -

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material) -

On 26 February 2014, the company announced that it planned to spin off its mobile technology business, iSentric Sdn Bhd, into a new company separately listed on the ASX. A binding Share Sale Agreement to implement the transaction was signed with OMI Holdings Limited on 9 May 2014. The agreed value for the sale was \$12,000,000 in ordinary fully paid shares in OMI, which were distributed to Donaco shareholders in specie.

The transaction was completed on 23 September 2014, when iSentric Limited listed on the ASX under the code "ICU". Donaco distributed its shares in the newly listed entity to Donaco shareholders in specie on 16 September 2014. Donaco shareholders with a minimum of 19,206 shares on the record date of 12 September 2014 received approximately 0.13 iSentric shares for each Donaco share. Holders of fewer Donaco shares had their entitlements sold, and received the proceeds of sale (less costs), in cash. No impairment loss was recognised on the reclassification of iSentric to a discontinued operation.

On the 31 October 2014, Way2Bet Pty Ltd, a subsidiary of the company which managed the company's online wagering marketing business, was sold to Punters Paradise Pty Limited. The net proceeds of sale to the company were \$450,000.

---

## 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.

---

## 7. Dividend reinvestment plans

Not applicable.

---

## 8. Details of associates and joint venture entities

Not applicable.

---

## 9. Foreign entities

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

Not applicable.

---

## 10. Audit qualification or review

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

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

---

**11. Attachments**

*Details of attachments (if any):*

The Half Year Statutory Accounts of Donaco International Limited for the half-year ended 31 December 2014 is attached.

---

**12. Signed**

Signed 

Date: 26 February 2015

Stuart J McGregor  
Chairman

**Donaco International Limited**  
**Corporate directory**  
**31 December 2014**

|                             |  |
|-----------------------------|--|
| Directors                   | Stuart James McGregor - Chairman<br>Joey Lim Keong Yew<br>Benedict Paul Reichel<br>Benjamin Lim Keong Hoe<br>Robert Andrew Hines |
| Company secretary           | Benedict Paul Reichel  |
| Registered office           | Suite 2.02<br>55 Miller Street<br>Pymont NSW 2009<br>Telephone: (02) 9017 7000<br>Facsimile: (02) 9017 7001                      |
| Principal place of business | Suite 2.02<br>55 Miller Street<br>Pymont NSW 2009  |
| Share register              | Boardroom Pty Limited<br>Level 7<br>207 Kent Street<br>Sydney NSW 2000<br>Telephone: (02) 9290 9600                              |
| Auditor                     | William Buck<br>Level 29<br>66 Goulburn Street<br>Sydney NSW 2000  |
| Stock exchange listing      | Donaco International Limited shares are listed on the Australian Securities Exchange (ASX code: DNA)                             |
| Website                     | <a href="http://www.donacointernational.com">www.donacointernational.com</a>   |

**Donaco International Limited**  
**Directors' report**  
**31 December 2014**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Donaco International Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

**Directors**

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

Stuart James McGregor - Chairman  
Joey Lim Keong Yew  
Benedict Paul Reichel  
Benjamin Lim Keong Hoe  
Robert Andrew Hines

**Principal activities**

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

The consolidated entity's flagship business is the Aristo International Hotel, a successful boutique casino in northern Vietnam. Donaco operates the business and owns a 95% interest, in a joint venture with the Government of Vietnam.

Donaco is a pioneer casino operator in 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.

**Review of operations**

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$745,927 (31 December 2013: \$2,955,162).

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

**Significant changes in the state of affairs**

During the financial half-year period, the Company spun off its mobile technology business, iSentric Sdn Bhd, into a separate company listed on the ASX. Full details are provided under "Loss of control over entities".

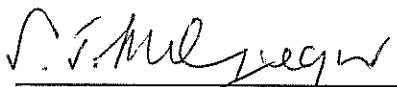
There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

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

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

On behalf of the directors




Stuart J McGregor  
Chairman

26 February 2015

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF DONACO INTERNATIONAL LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2014, there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



William Buck  
Chartered Accountants  
ABN 16 021 300 521



Paul Collins  
Partner  
Sydney, 26 February 2015

**CHARTERED ACCOUNTANTS  
& ADVISORS**

**Sydney Office**  
Level 29, 66 Goulburn Street  
Sydney NSW 2000  
Telephone: +61 2 8263 4000

**Parramatta Office**  
Level 7, 3 Horwood Place  
Parramatta NSW 2150  
PO Box 19  
Parramatta NSW 2124  
Telephone: +61 2 8836 1500  
[williambuck.com](http://williambuck.com)

**Donaco International Limited**

**Contents**

**31 December 2014**

**Contents**

|  |    |
|--|----|
| Statement of profit or loss and other comprehensive income                         | 5  |
| Statement of financial position  | 7  |
| Statement of changes in equity   | 8  |
| Statement of cash flows  | 9  |
| Notes to the financial statements  | 10 |
| Directors' declaration   | 18 |
| Independent auditor's review report to the members of Donaco International Limited | 19 |

**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  
Pymont NSW 2009  
Australia

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 26 February 2015.

**Donaco International Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2014**

|   | Note | Consolidated        |                    |
|---|------|---------------------|--------------------|
|   |      | 31 Dec 2014         | 31 Dec 2013        |
|   |      | \$                  | \$                 |
| <b>Revenue from continuing operations</b>                                 | 3    | 10,235,097          | 9,990,716          |
| Other income  |      | 93,660              | (128)              |
| <b>Total revenue</b>  |      | <u>10,328,757</u>   | <u>9,990,588</u>   |
| <b>Expenses</b>   |      |                     |                    |
| Cost of sales   |      | (1,110,612)         | (456,611)          |
| Employee benefits expense   |      | (4,850,016)         | (2,464,934)        |
| Depreciation and amortisation expense                                     |      | (1,333,240)         | (136,509)          |
| Legal and compliance  |      | (253,132)           | (178,298)          |
| Marketing and promotions  |      | (139,566)           | (214,761)          |
| Professional and consulting fees  |      | (463,183)           | (184,889)          |
| Property costs  |      | (499,003)           | (225,966)          |
| Telecommunications and hosting  |      | (90,790)            | (100,788)          |
| Other expenses  |      | (2,247,421)         | (544,751)          |
| Finance costs   |      | (794,670)           | -                  |
| <b>Total expenses</b>   |      | <u>(11,781,633)</u> | <u>(4,507,507)</u> |
| <b>Profit/(loss) before income tax expense from continuing operations</b> |      | (1,452,876)         | 5,483,081          |
| Income tax expense  |      | (65,548)            | (1,708,198)        |
| <b>Profit/(loss) after income tax expense from continuing operations</b>  |      | (1,518,424)         | 3,774,883          |
| Profit after income tax expense from discontinued operations              | 4    | 2,280,474           | 436,524            |
| <b>Profit after income tax expense for the half-year</b>                  | 2    | 762,050             | 4,211,407          |
| <b>Other comprehensive income</b>   |      |                     |                    |
| <i>Items that may be reclassified subsequently to profit or loss</i>      |      |                     |                    |
| Foreign currency translation  |      | 6,366,185           | 1,464,508          |
| <b>Other comprehensive income for the half-year, net of tax</b>           |      | 6,366,185           | 1,464,508          |
| <b>Total comprehensive income for the half-year</b>                       |      | <u>7,128,235</u>    | <u>5,675,915</u>   |
| <b>Profit for the half-year is attributable to:</b>                       |      |                     |                    |
| Non-controlling interest  |      | 16,123              | 1,256,245          |
| Owners of Donaco International Limited                                    |      | 745,927             | 2,955,162          |
|   |      | <u>762,050</u>      | <u>4,211,407</u>   |
| <b>Total comprehensive income for the half-year is attributable to:</b>   |      |                     |                    |
| Continuing operations   |      | 16,123              | 1,256,245          |
| Discontinuing operations  |      | -                   | -                  |
| Non-controlling interest  |      | 16,123              | 1,256,245          |
| Continuing operations   |      | 7,035,012           | 3,983,146          |
| Discontinuing operations  |      | 77,100              | 436,524            |
| Owners of Donaco International Limited                                    |      | 7,112,112           | 4,419,670          |
|   |      | <u>7,128,235</u>    | <u>5,675,915</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 half-year ended 31 December 2014

| Note  | Consolidated |             |
|---|--------------|-------------|
|   | 31 Dec 2014  | 31 Dec 2013 |
|   | \$           | \$          |
|   | Cents        | Cents       |
| <b>Earnings per share for profit/(loss) from continuing operations attributable to the owners of Donaco International Limited</b> |              |             |
| Basic earnings per share  | (0.33)       | 0.67        |
| Diluted earnings per share  | (0.32)       | 0.66        |
| <b>Earnings per share for profit from discontinued operations attributable to the owners of Donaco International Limited</b>      |              |             |
| Basic earnings per share  | 0.49         | 0.12        |
| Diluted earnings per share  | 0.47         | 0.11        |
| <b>Earnings per share for profit attributable to the owners of Donaco International Limited</b>                                   |              |             |
| Basic earnings per share  | 0.16         | 0.78        |
| Diluted earnings per share  | 0.15         | 0.78        |

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

Donaco International Limited  
Statement of financial position  
As at 31 December 2014

|   | Note | Consolidated       |                    |
|---|------|--------------------|--------------------|
|   |      | 31 Dec 2014<br>\$  | 30 June 2014<br>\$ |
| <b>Assets</b>   |      |                    |                    |
| <b>Current assets</b>   |      |                    |                    |
| Cash and cash equivalents   |      | 99,612,933         | 98,034,937         |
| Trade and other receivables   |      | 679,307            | 771,310            |
| Inventories   |      | 633,953            | 1,405,726          |
| Prepaid construction costs  |      | 70,219             | 18,815,625         |
| Other   |      | 2,808,231          | 2,238,260          |
|   |      | <u>103,804,643</u> | <u>121,265,858</u> |
| Assets of disposal groups classified as held for sale                   | 5    | -                  | 5,706,816          |
| Total current assets  |      | <u>103,804,643</u> | <u>126,972,674</u> |
| <b>Non-current assets</b>   |      |                    |                    |
| Property, plant and equipment   | 6    | 74,134,393         | 4,885,952          |
| Intangibles   |      | 2,426,187          | 9,796,836          |
| Construction in progress  |      | 21,873             | 39,151,630         |
| Non current prepayment  | 7    | 5,709,397          | 1,042,404          |
| Other   |      | 21,404             | 18,637             |
|   |      | <u>82,313,254</u>  | <u>54,895,459</u>  |
| Total non-current assets  |      | <u>82,313,254</u>  | <u>54,895,459</u>  |
| <b>Total assets</b>   |      | <u>186,117,897</u> | <u>181,868,133</u> |
| <b>Liabilities</b>  |      |                    |                    |
| <b>Current liabilities</b>  |      |                    |                    |
| Trade and other payables  |      | 16,861,228         | 12,635,132         |
| Borrowings  |      | 2,719,128          | 1,446,596          |
| Income tax  |      | 3,435,020          | 4,851,700          |
| Employee benefits   |      | 254,079            | 70,490             |
|   |      | <u>23,269,455</u>  | <u>19,003,918</u>  |
| Liabilities directly associated with assets classified as held for sale | 8    | -                  | 2,998,897          |
| Total current liabilities   |      | <u>23,269,455</u>  | <u>22,002,815</u>  |
| <b>Non-current liabilities</b>  |      |                    |                    |
| Payables  |      | 31,160             | -                  |
| Borrowings  |      | 13,969,201         | 10,608,370         |
| Employee benefits   |      | 23,815             | 20,485             |
|   |      | <u>14,024,176</u>  | <u>10,628,855</u>  |
| Total non-current liabilities   |      | <u>14,024,176</u>  | <u>10,628,855</u>  |
| <b>Total liabilities</b>  |      | <u>37,293,631</u>  | <u>32,631,670</u>  |
| <b>Net assets</b>   |      | <u>148,824,266</u> | <u>149,236,463</u> |
| <b>Equity</b>   |      |                    |                    |
| Issued capital  | 9    | 121,206,439        | 129,964,909        |
| Reserves  | 10   | 7,106,130          | (478,093)          |
| Retained profits  |      | 19,436,786         | 18,690,859         |
|   |      | <u>147,749,355</u> | <u>148,177,675</u> |
| Equity attributable to the owners of Donaco International Limited       |      | <u>147,749,355</u> | <u>148,177,675</u> |
| Non-controlling interest  |      | 1,074,911          | 1,058,788          |
| <b>Total equity</b>   |      | <u>148,824,266</u> | <u>149,236,463</u> |

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

Donaco International Limited  
Statement of changes in equity  
For the half-year ended 31 December 2014

| Consolidated   | Issued capital<br>\$ | Employee option reserve<br>\$ | Reserves<br>\$   | Retained profits<br>\$ | Non-controlling interest<br>\$ | Total equity<br>\$ |
|--|----------------------|-------------------------------|------------------|------------------------|--------------------------------|--------------------|
| 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 half-year            | -                    | -                             | -                | 2,955,162              | 1,256,245                      | 4,211,407          |
| Other comprehensive income for the half-year, net of tax     | -                    | -                             | 1,332,140        | (1,207)                | 133,575                        | 1,464,508          |
| Total comprehensive income for the half-year                 | -                    | -                             | 1,332,140        | 2,953,955              | 1,389,820                      | 5,675,915          |
| <i>Transactions with owners in their capacity as owners:</i> |                      |                               |                  |                        |                                |                    |
| Contributions of equity, net of transaction costs (note 9)   | 23,533,950           | -                             | -                | -                      | -                              | 23,533,950         |
| Share buy back   | (300,000)            | -                             | -                | 300,000                | -                              | -                  |
| Balance at 31 December 2013                                  | <u>57,926,887</u>    | <u>-</u>                      | <u>2,296,773</u> | <u>15,999,539</u>      | <u>4,989,123</u>               | <u>81,212,322</u>  |

| Consolidated   | Issued capital<br>\$ | Employee option reserve<br>\$ | Reserves<br>\$   | Retained profits<br>\$ | Non-controlling interest<br>\$ | Total equity<br>\$ |
|--|----------------------|-------------------------------|------------------|------------------------|--------------------------------|--------------------|
| Balance at 1 July 2014                                       | 129,964,909          | -                             | (478,093)        | 18,690,859             | 1,058,788                      | 149,236,463        |
| Profit after income tax expense for the half-year            | -                    | -                             | -                | 745,927                | 16,123                         | 762,050            |
| Other comprehensive income for the half-year, net of tax     | -                    | -                             | 6,366,185        | -                      | -                              | 6,366,185          |
| Total comprehensive income for the half-year                 | -                    | -                             | 6,366,185        | 745,927                | 16,123                         | 7,128,235          |
| <i>Transactions with owners in their capacity as owners:</i> |                      |                               |                  |                        |                                |                    |
| Contributions of equity, net of transaction costs (note 9)   | 566,643              | -                             | -                | -                      | -                              | 566,643            |
| Share buy back   | (825,113)            | -                             | -                | -                      | -                              | (825,113)          |
| Demerger of OMI shares on iSentric sale                      | (8,500,000)          | -                             | -                | -                      | -                              | (8,500,000)        |
| Employee options   | -                    | 1,218,038                     | -                | -                      | -                              | 1,218,038          |
| Balance at 31 December 2014                                  | <u>121,206,439</u>   | <u>1,218,038</u>              | <u>5,888,092</u> | <u>19,436,786</u>      | <u>1,074,911</u>               | <u>148,824,266</u> |

Pursuant to the sale of iSentric Sdn Bhd to OMI Holdings Limited which took effect on 8th September 2014, the shareholders of Donaco voted at an extraordinary general meeting on 25 August 2014 to approve an ordinary resolution under section 256C of the Corporations Act 2001, to a return of Donaco's share capital to shareholders in the amount of \$8,500,000. This equated to \$0.0185 per Donaco ordinary share.

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

Donaco International Limited  
Statement of cash flows  
For the half-year ended 31 December 2014

|   | Consolidated             |                          |
|---|--------------------------|--------------------------|
|   | 31 Dec 2014              | 31 Dec 2013              |
|   | \$                       | \$                       |
| <b>Cash flows from operating activities</b>                           |                          |                          |
| Receipts from customers (inclusive of GST)                            | 9,932,626                | 17,438,859               |
| Payments to suppliers and employees (inclusive of GST)                | <u>(16,888,934)</u>      | <u>(7,283,491)</u>       |
| Interest received   | (6,956,308)              | 10,155,368               |
| Other revenue   | 1,561,845                | 60,765                   |
| Interest and other finance costs paid                                 | 164,441                  | -                        |
| Government levies, gaming taxes and gst                               | (794,670)                | (465)                    |
|   | <u>(1,482,228)</u>       | <u>(3,027,918)</u>       |
| Net cash from/(used in) operating activities                          | <u>(7,506,920)</u>       | <u>7,187,750</u>         |
| <b>Cash flows from investing activities</b>                           |                          |                          |
| Payments for property, plant and equipment and construction costs     | (16,040,271)             | (26,795,877)             |
| Payments for pre paid construction costs                              | 18,745,406               | -                        |
| Proceeds from sale of Way2Bet   | 450,000                  | -                        |
| Proceeds from sale of investments                                     | -                        | 82,982                   |
| Proceeds from sale of property, plant and equipment                   | -                        | (772)                    |
| Loans to related parties  | -                        | (32,327)                 |
| Net cash from/(used in) investing activities                          | <u>3,155,135</u>         | <u>(26,745,994)</u>      |
| <b>Cash flows from financing activities</b>                           |                          |                          |
| Proceeds from issue of shares   | 568,459                  | 25,256,125               |
| Proceeds from borrowings  | 4,633,363                | 6,707,331                |
| Payments for share buy-backs  | (825,113)                | -                        |
| Share issue transaction costs   | (1,816)                  | (1,684,811)              |
| Net cash from financing activities                                    | <u>4,374,893</u>         | <u>30,278,645</u>        |
| Net increase in cash and cash equivalents                             | 23,108                   | 10,720,401               |
| Cash and cash equivalents at the beginning of the financial half-year | 99,496,165               | 29,404,205               |
| Effects of exchange rate changes on cash and cash equivalents         | <u>93,660</u>            | <u>947,126</u>           |
| Cash and cash equivalents at the end of the financial half-year       | <u><u>99,612,933</u></u> | <u><u>41,071,732</u></u> |

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

## Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted in the preparation of the financial statements are consistent with those adopted in the consolidated entity's 2014 annual report for the year ended 30 June 2014, except as set out below.

### **New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the half year reporting period ended 31 December 2014. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## Note 2. Operating segments

### *Identification of reportable operating segments*

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

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

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

### *Types of products and services*

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

|                              |   |
|------------------------------|---|
| Casino Operations            | Comprises the Aristo casino, including hotel accommodation, gaming and leisure facilities in Vietnam  |
| Gaming Technology Operations | Comprises the operation and development of gaming technology, including mobile payment gateways and interactive media and gambling applications for development on television, mobile and internet. |

Note 2. Operating segments (continued)

Operating segment information

| Consolidated - 31 Dec 2014                     | Casino<br>operations<br>\$ | Gaming<br>technology<br>operations<br>\$ | Total<br>\$                       |
|--|----------------------------|--|-----------------------------------|
| <b>Revenue</b>                                 |                            |  |                                   |
| Sales to external customers                    | 8,622,137                  | 1,375,276                                | 9,997,413                         |
| Interest                                       | 107,941                    | 1,293,274                                | 1,401,215                         |
| <b>Total revenue</b>                           | <u>8,730,078</u>           | <u>2,668,550</u>                         | <u>11,398,628</u>                 |
| <b>EBITDA</b>                                  |                            |  |                                   |
| Depreciation and amortisation                  | 1,695,966                  | (2,452,087)                              | (756,121)                         |
| Interest revenue                               | (1,333,240)                | (2,743)                                  | (1,335,983)                       |
| Finance costs                                  | 107,941                    | 1,293,274                                | 1,401,215                         |
| Net exchange gains                             | (794,670)                  | -  | (794,670)                         |
| NCI  | 82,721                     | 10,939                                   | 93,660                            |
| Sale of discontinued operations                | 16,123                     | -  | 16,123                            |
| <b>Profit/(loss) before income tax expense</b> | <u>-</u>                   | <u>2,203,374</u>                         | <u>2,203,374</u>                  |
| Income tax expense                             | (225,159)                  | 1,052,757                                | 827,598                           |
| <b>Profit after income tax expense</b>         |                            |  | <u>(65,548)</u><br><u>762,050</u> |
| <b>Assets</b>                                  |                            |  |                                   |
| Segment assets                                 | 84,571,752                 | 101,546,145                              | 186,117,897                       |
| <b>Total assets</b>                            |                            |  | <u>186,117,897</u>                |
| <b>Liabilities</b>                             |                            |  |                                   |
| Segment liabilities                            | 24,531,753                 | 7,910,178                                | 32,441,931                        |
| <i>Unallocated liabilities:</i>                |                            |  |                                   |
| Provision for income tax                       |                            |  | 4,851,700                         |
| <b>Total liabilities</b>                       |                            |  | <u>37,293,631</u>                 |

\* The above operating segment information includes iSentric Sdn Bhd and Way2Bet Pty Ltd, the discontinuing operations at 30 June 2014, which is reported under the category Gaming technology operations.

Note 2. Operating segments (continued)

|  | Casino<br>operations<br>\$ | Gaming<br>technology<br>operations<br>\$ | Total<br>\$        |
|--|----------------------------|--|--------------------|
| <b>Consolidated - 31 Dec 2013</b>              |                            |  |                    |
| <b>Revenue</b>                                 |                            |  |                    |
| Sales to external customers                    | 9,317,500                  | 3,257,067                                | 12,574,567         |
| Interest                                       | 54,733                     | 116,814                                  | 171,547            |
| Net exchange gains                             | 195,652                    | 296                                      | 195,948            |
| <b>Total revenue</b>                           | <b>9,567,885</b>           | <b>3,374,177</b>                         | <b>12,942,062</b>  |
| <b>EBITDA</b>                                  |                            |  |                    |
| Depreciation and amortisation                  | 5,030,773                  | (608,494)                                | 4,422,279          |
| Interest revenue                               | (116,925)                  | (11,919)                                 | (128,844)          |
| Net exchange gains                             | 54,733                     | 116,814                                  | 171,547            |
| NCI  | 195,652                    | 296                                      | 195,948            |
| Other  | 1,256,245                  | -  | 1,256,245          |
| <b>Profit/(loss) before income tax expense</b> | <b>6,420,478</b>           | <b>(500,873)</b>                         | <b>5,919,605</b>   |
| Income tax expense                             |                            |  | (1,708,198)        |
| <b>Profit after income tax expense</b>         |                            |  | <b>4,211,407</b>   |
| <b>Consolidated - 30 June 2014</b>             |                            |  |                    |
| <b>Assets</b>                                  |                            |  |                    |
| Segment assets                                 | 84,807,927                 | 97,060,206                               | 181,868,133        |
| <b>Total assets</b>                            |                            |  | <b>181,868,133</b> |
| <i>Total assets includes:</i>                  |                            |  |                    |
| Acquisition of non-current assets              | 39,151,630                 | -  | 39,151,630         |
| <b>Liabilities</b>                             |                            |  |                    |
| Segment liabilities                            | 24,463,950                 | 3,316,020                                | 27,779,970         |
| <i>Unallocated liabilities:</i>                |                            |  |                    |
| Provision for income tax                       |                            |  | 4,851,700          |
| <b>Total liabilities</b>                       |                            |  | <b>32,631,670</b>  |

\* The above operating segment information includes iSentric Sdn Bhd and Way2Bet Pty Ltd, the discontinuing operations at 30 June 2014, which is reported under the category Gaming technology operations.

Note 3. Revenue

|   | Consolidated             |                         |
|---|--------------------------|-------------------------|
|   | 31 Dec 2014<br>\$        | 31 Dec 2013<br>\$       |
| <b>From continuing operations</b>         |                          |                         |
| <i>Sales revenue</i>                      |                          |                         |
| Casino                                    | 8,622,137                | 9,317,795               |
| Games                                     | 143,470                  | 306,609                 |
|   | <u>8,765,607</u>         | <u>9,624,404</u>        |
| <i>Other revenue</i>                      |                          |                         |
| Management fees                           | 70,781                   | -                       |
| Interest                                  | 1,398,709                | 366,312                 |
|   | <u>1,469,490</u>         | <u>366,312</u>          |
| <b>Revenue from continuing operations</b> | <b><u>10,235,097</u></b> | <b><u>9,990,716</u></b> |

**Note 4. Discontinued operations**

*Description*

On 26 February 2014, the company announced that it planned to spin off its mobile technology business, iSentric Sdn Bhd, into a new company separately listed on the ASX. A binding Share Sale Agreement to implement the transaction was signed with OMI Holdings Limited on 9 May 2014. The agreed value for the sale was \$12,000,000 in ordinary fully paid shares in OMI, which were distributed to Donaco shareholders in specie.

The transaction was completed on 23 September 2014, when OMI Holdings Limited changed its name to iSentric Limited and iSentric Limited was quoted on the ASX under the code "ICU". Donaco distributed its shares in the newly listed entity to Donaco shareholders in specie on 16 September 2014. Donaco shareholders with a minimum of 19,206 shares on the record date of 12 September 2014 received approximately 0.13 iSentric shares for each Donaco share. Holders of fewer Donaco shares had their entitlements sold, and received the proceeds of sale (less costs), in cash. No impairment loss was recognised on the reclassification of iSentric to a discontinued operation.

On the 31 October 2014, Way2Bet Pty Ltd, a subsidiary of the company which managed the company's online wagering marketing business, was sold to Punters Paradise Pty Limited. The net proceeds of sale to the Company were \$450,000.

*Financial performance information*

|  | Consolidated       |                    |
|--|--------------------|--------------------|
|  | 31 Dec 2014        | 31 Dec 2013        |
|  | \$                 | \$                 |
| Sales  | 1,161,025          | 2,950,462          |
| Interest   | 2,506              | 884                |
| Total revenue  | <u>1,163,531</u>   | <u>2,951,346</u>   |
| Cost of sales  | (746,309)          | (2,076,429)        |
| Employee benefits  | (182,504)          | (176,508)          |
| Depreciation   | (2,743)            | (11,919)           |
| Advertising  | (64,606)           | (103,325)          |
| Professional fees  | (26,769)           | (23,569)           |
| Property costs   | (6,972)            | (17,667)           |
| Telephone  | (2,857)            | (6,477)            |
| Other expenses   | (53,671)           | (98,928)           |
| Total expenses   | <u>(1,086,431)</u> | <u>(2,514,822)</u> |
| Profit before income tax expense                             | 77,100             | 436,524            |
| Income tax expense   | -                  | -                  |
| Profit after income tax expense                              | <u>77,100</u>      | <u>436,524</u>     |
| Gain on disposal iSentric Sdn Bhd                            | 1,753,464          | -                  |
| Gain on disposal Way2Bet Pty Ltd                             | 449,910            | -                  |
| Income tax expense   | -                  | -                  |
| Gain on disposal after income tax expense                    | <u>2,203,374</u>   | <u>-</u>           |
| Profit after income tax expense from discontinued operations | <u>2,280,474</u>   | <u>436,524</u>     |



Note 4. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

|                               | Consolidated     |             |
|-------------------------------|------------------|-------------|
|                               | 31 Dec 2014      | 31 Dec 2013 |
|                               | \$               | \$          |
| Cash and cash equivalents     | 1,613,238        | -           |
| Trade and other receivables   | 3,732,628        | -           |
| Other current assets          | 102,148          | -           |
| Property, plant and equipment | 36,471           | -           |
| Other non-current assets      | 181,723          | -           |
| Total assets                  | <u>5,666,208</u> | <u>-</u>    |
| Payables                      | <u>2,790,321</u> | <u>-</u>    |
| Total liabilities             | <u>2,790,321</u> | <u>-</u>    |
| Net assets                    | <u>2,875,887</u> | <u>-</u>    |

Details of the disposal

|  | Consolidated     |             |
|--|------------------|-------------|
|  | 31 Dec 2014      | 31 Dec 2013 |
|  | \$               | \$          |
| Total sale consideration               | 12,450,000       | -           |
| Carrying amount of net assets disposed | (2,875,887)      | -           |
| Goodwill                               | (7,370,649)      | -           |
| Net assets disposed Way2Bet            | <u>(90)</u>      | <u>-</u>    |
| Gain on disposal before tax income     | -                | -           |
| Income tax expense                     | <u>2,203,374</u> | <u>-</u>    |
| Gain on disposal after income tax      | <u>2,203,374</u> | <u>-</u>    |

Note 5. Current assets - assets of disposal groups classified as held for sale

|                               | Consolidated |                  |
|-------------------------------|--------------|------------------|
|                               | 31 Dec 2014  | 30 June 2014     |
|                               | \$           | \$               |
| Cash and cash equivalents     | -            | 1,461,228        |
| Trade and other receivables   | -            | 4,003,057        |
| Other current assets          | -            | 21,693           |
| Property, plant and equipment | -            | 25,045           |
| Other non-current assets      | -            | <u>195,793</u>   |
|                               | -            | <u>5,706,816</u> |

**Note 6. Non-current assets - property, plant and equipment**

|                                | Consolidated      |                  |
|--------------------------------|-------------------|------------------|
|                                | 31 Dec 2014       | 30 June 2014     |
|                                | \$                | \$               |
| Land - at cost                 | 63,770            | 56,642           |
| Less: Impairment               | (26,039)          | (22,863)         |
|                                | <u>37,731</u>     | <u>33,779</u>    |
| Land and buildings - at cost   | 59,164,955        | 1,170,778        |
| Less: Accumulated depreciation | (1,234,860)       | (488,769)        |
|                                | <u>57,930,095</u> | <u>682,009</u>   |
| Plant and equipment - at cost  | 16,598,007        | 3,699,023        |
| Less: Accumulated depreciation | (2,206,343)       | (1,366,871)      |
|                                | <u>14,391,664</u> | <u>2,332,152</u> |
| Motor vehicles - at cost       | 504,734           | 512,538          |
| Less: Accumulated depreciation | (75,167)          | (143,948)        |
|                                | <u>429,567</u>    | <u>368,590</u>   |
| Office equipment - at cost     | 397,595           | 1,671,963        |
| Less: Accumulated depreciation | (62,797)          | (202,541)        |
|                                | <u>334,798</u>    | <u>1,469,422</u> |
| Plant - at cost                | 609,815           | -                |
| Less: Accumulated depreciation | 190,550           | -                |
|                                | <u>800,365</u>    | <u>-</u>         |
| Others - at cost               | 328,925           | -                |
| Less: Accumulated depreciation | (118,752)         | -                |
|                                | <u>210,173</u>    | <u>-</u>         |
|                                | <u>74,134,393</u> | <u>4,885,952</u> |

Material increase in property, plant and equipment reflect the capitalised expenditure on the development of the new Aristo International Hotel, Lao Cai, which opened 18th May 2014.

**Note 7. Non-current assets - Non current prepayment**

|                        | Consolidated     |                  |
|------------------------|------------------|------------------|
|                        | 31 Dec 2014      | 30 June 2014     |
|                        | \$               | \$               |
| Non current prepayment | <u>5,709,397</u> | <u>1,042,404</u> |

Non current prepayments relates to costs incurred by the new construction of the Lao Cai Casino.

Amounts recognised as prepaid construction costs relate to tranche payments made to third party developers in connection with the construction of the new Lao Cai Casino. Tranche payments are made in advance of construction work being performed in accordance with the terms of the contractor agreements, however once associated works have been completed an amount equal to the tranche payment is transferred from prepaid construction costs to construction in progress.

Once recognised as part of construction in progress the amounts are then carried on the Statement of Financial Position at cost, until such time as the asset is completed and ready for its intended use. Work in progress is not depreciated, but tested for impairment annually. Once ready for its intended use an amount equal to the cost of the completed asset will be transferred to property plant and equipment or non current prepayment and accounted for in accordance with the consolidated entity's accounting policy for each asset class.

Note 8. Current liabilities - liabilities directly associated with assets classified as held for sale

|                | Consolidated      |                    |
|----------------|-------------------|--------------------|
|                | 31 Dec 2014<br>\$ | 30 June 2014<br>\$ |
| Trade payables | -                 | 2,688,331          |
| Other payables | -                 | 302,432            |
| Tax payable    | -                 | 8,134              |
|                | <u>-</u>          | <u>2,998,897</u>   |

Note 9. Equity - issued capital

|                              | Consolidated          |                        |                    |                    |
|------------------------------|-----------------------|------------------------|--------------------|--------------------|
|                              | 31 Dec 2014<br>Shares | 30 June 2014<br>Shares | 31 Dec 2014<br>\$  | 30 June 2014<br>\$ |
| Ordinary shares - fully paid | <u>460,505,113</u>    | <u>460,282,631</u>     | <u>121,206,439</u> | <u>129,964,909</u> |

Movements in ordinary share capital

| Details  | Date             | Shares             | Issue price | \$                 |
|--|------------------|--------------------|-------------|--------------------|
| Balance  | 01.07.2014       | 460,282,631        |             | 129,964,909        |
| Share buy-back                                 | 28.08.2014       | (230,000)          | \$0.888     | (204,263)          |
| Share buy-back                                 | 26.11.2014       | (500,000)          | \$0.614     | (307,101)          |
| Share buy-back                                 | 27.11.2014       | (500,000)          | \$0.628     | (313,750)          |
| Employee short term incentive FY14             | 01.10.2014       | 273,812            | \$0.000     | -                  |
| Issued shares                                  | multiple         | 898,929            | \$0.300     | 266,494            |
| Issued shares                                  | multiple         | 1,078,425          | \$0.280     | 301,959            |
| Issued shares                                  | multiple         | (798,684)          | \$0.000     | -                  |
| Sale of iSentric                               | 08.09.2014       | -                  | \$0.000     | (8,500,000)        |
| Less: transaction costs arising on share issue | multiple         | -                  | \$0.000     | (1,809)            |
| Balance  | 31 December 2014 | <u>460,505,113</u> |             | <u>121,206,439</u> |

Share buy-back

There is no current on-market share buy-back.

Note 10. Equity - reserves

|                             | Consolidated      |                    |
|-----------------------------|-------------------|--------------------|
|                             | 31 Dec 2014<br>\$ | 30 June 2014<br>\$ |
| Revaluation surplus reserve | 1                 | -                  |
| Foreign currency reserve    | 5,888,092         | (478,093)          |
| Employee options reserve    | 1,218,037         | -                  |
|                             | <u>7,106,130</u>  | <u>(478,093)</u>   |

Employee options reserve

The reserve is used to recognise the fair value of all shares and performance rights both issued and issued but not exercised under the employee share plans.

**Note 11. Related party transactions**

*Parent entity*

Donaco International Limited is the parent entity.

*Transactions with related parties*

The following transactions occurred with related parties:

|                                  | Consolidated |             |
|----------------------------------|--------------|-------------|
|                                  | 31 Dec 2014  | 31 Dec 2013 |
|                                  | \$           | \$          |
| Payment for other expenses:      |              |             |
| Management fee - Way2Bet Pty Ltd | 64,570       | -           |

*Receivable from and payable to related parties*

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

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

|  | Consolidated |              |
|--|--------------|--------------|
|  | 31 Dec 2014  | 30 June 2014 |
|  | \$           | \$           |
| Current receivables:   |              |              |
| Amount owing to Donaco Singapore Pte Ltd by Lao Cai International Hotel JV Company Ltd | 9,514,436    | 26,540,000   |
| Non-current receivables:   |              |              |
| Amount owing to Donaco Singapore Pte Ltd by Lao Cai International Hotel JV Company Ltd | 14,271,654   | -            |

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates, at an average of 3%pa on the current loan and 6% pa over a term of 6 years for the non current loan.

**Note 12. Events after the reporting period**

On 30 January 2015, the company announced that it had signed binding agreements to acquire the Star Vegas Resort and Club located in Poipet, Cambodia, for a total acquisition price of USD360 million. The purchase price will be paid as follows:

1. USD40 million from existing cash reserves (including a deposit of USD5 million paid on 6 February 2015, which is refundable unless the Company fails to secure the financing for the transaction);
2. USD100m via a new bank debt facility currently being finalised with a major Taiwanese bank;
3. USD100m via a fully underwritten rights issue (in the sum of AUD132m before costs), which closed on 23 February 2015, with full payment due to be received by 2 March 2015; and
4. The balance in the form of 147,199,529 ordinary shares in the company, which will be issued subject to shareholder approval at an extraordinary general meeting on 27 March 2015.

The completion of the acquisition is subject to finalisation of due diligence and customary conditions precedent, and is expected to occur in April 2015.

No other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

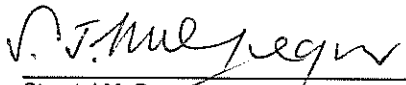
**Donaco International Limited**  
**Directors' declaration**  
**31 December 2014**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Stuart J McGregor  
Chairman

26 February 2015

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DONACO INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Donaco International Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated condensed statement of financial position as at 31 December 2014, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### *Directors' Responsibility for the Half-Year Financial Report*

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

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Donaco International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### *Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

CHARTERED ACCOUNTANTS  
& ADVISORS

Sydney Office  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

Telephone: +61 2 8263 4000

Parramatta Office  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

PO Box 19  
Parramatta NSW 2124  
Telephone: +61 2 8836 1500

[williambuck.com](http://williambuck.com)

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DONACO INTERNATIONAL LIMITED AND CONTROLLED ENTITIES (CONT)


### *Conclusion*

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

### *Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report*

This auditor's review report relates to the half year financial report of Donaco International Limited for the half year ended 31 December 2014 included on Donaco International Limited's web site. The company's directors are responsible for the integrity of the Donaco International Limited web site. We have not been engaged to report on the integrity of the Donaco International Limited web site. The auditor's review report refers only to the half year financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half year financial report to confirm the information included in the reviewed financial report presented on this web site.

A handwritten signature in black ink that reads 'William Buck'.

William Buck  
Chartered Accountants  
ABN 16 021 300 521

A handwritten signature in black ink that reads 'P. A. Collins'.

Paul Collins  
Partner  
Sydney, 26 February 2015