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 2015
Previous period:	For the half-year ended 31 December 2014

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2. Results for announcement to the market

			$
Revenues from ordinary activities	up	504.2% to	68,872,040
Profit from ordinary activities after tax attributable to the owners of Donaco International Limited	up	1794.8% to	14,133,999
Profit for the half-year attributable to the owners of Donaco International Limited	up	1794.8% to	14,133,999

	31 Dec 2015 Cents	31 Dec 2014 Cents
Basic earnings per share	1.70	0.16
Diluted earnings per share	1.69	0.15

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 $14,133,999 (31 December 2014: $745,927).

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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.27	59.71

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4. Control gained over entities

Name of entities (or group of entities)	DNA Star Vegas Co Ltd
Date control gained	1 July 2015

	$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	36,921,001
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

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5. Loss of control over entities

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

6. Dividends

Current period
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

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $**	**Previous period $**
Lao Cai International Hotel Joint Venture Company	95.00%	95.00%	3,421,499	957,690
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			3,421,499	957,690
Income tax on operating activities			-	-

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 Preliminary Half Year Report .

11. Attachments

Details of attachments (if any):

The Preliminary Half Year Report of Donaco International Limited for the half-year ended 31 December 2015 is attached.

12. Signed

Signed ____________________ Date: 24 February 2016

Mr Stuart McGregor
Chairman
Sydney

Donaco International Limited

ABN 28 007 424 777

Preliminary Half Year Report - 31 December 2015

Donaco International Limited
Corporate directory
31 December 2015

Directors	Stuart James McGregor - Chairman Joey Lim Keong Yew - Managing Director and CEO Benedict Paul Reichel - Executive Director Benjamin Lim Keong Hoe - Non-Executive Director Robert Andrew Hines - Non-Executive Director Ham Techatut Sukjaroenkraisri - Executive Director (appointed 1 July 2015) Paul Porntat Amatavivadhana - Non-Executive Director (appointed 1 July 2015)
Company secretary	Benedict Paul Reichel
Registered office	Suite 2.02 55 Miller Street Pyrmont NSW Australia Telephone: (02) 9017 7000 Facsimile: (02) 9017 7001
Principal place of business	Suite 2.02 55 Miller Street Pyrmont NSW Australia
Share register	Boardroom Pty Limited Level 12 225 George Street Sydney NSW 2009
Auditor	William Buck Level 29 66 Goulburn Street Sydney NSW 2000
Stock exchange listing	Donaco International Limited shares are listed on the Australian Securities Exchange (ASX code: DNA)
Website	www.donacointernational.com

Donaco International Limited
Directors' report
31 December 2015

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 2015.

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 - Managing Director and CEO
Benedict Paul Reichel - Executive Director
Benjamin Lim Keong Hoe - Non-Executive Director
Robert Andrew Hines - Non-Executive Director
Ham Techatut Sukjaroenkraisri - Executive Director (appointed 1 July 2015)
Paul Porntat Amatavivadhana - Non-Executive Director (appointed 1 July 2015)

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

- operation of a hotel and casino in Vietnam;
- operation of a hotel and casino in Cambodia; and
- acquisition and disposal of businesses.

Review of operations
The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $14,133,999 (31 December 2014: $745,927).

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

Significant changes in the state of affairs
During the financial half year, the consolidated entity successfully completed the acquisition of the Star Vegas Resort and Club in Poipet, Cambodia. Full details are provided under "Control gained over entities", and in notes 8, 9, 14 and 15 to the accounts.

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

Mr Stuart McGregor
Chairman

24 February 2016

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

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2015 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

William Buck
ABN 16 021 300 521

Michele Nevill
Partner
Dated this 24th day of February, 2016

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

Contents

General information

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

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

Suite 2.02
55 Miller Street
Pyrmont 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 24 February 2016.

Donaco International Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

	Note	Consolidated 31 Dec 2015 $	31 Dec 2014 $
Revenue from continuing operations	3	68,872,040	10,235,097
Other income		253,026	93,660
Total revenue		69,125,066	10,328,757
Expenses			
Cost of sales		(3,038,663)	(1,110,612)
Employee benefits expense		(10,997,717)	(4,850,016)
Depreciation and amortisation expense		(4,361,506)	(1,333,240)
Legal and compliance		(442,696)	(253,132)
Marketing and promotions		(2,427,292)	(139,566)
Gaming costs		(3,133,071)	(127,828)
Professional and consulting fees		(12,270,492)	(463,183)
Property costs		(2,928,272)	(499,003)
Telecommunications and hosting		(118,605)	(90,790)
Other expenses		(6,061,440)	(2,119,593)
Finance costs		(7,387,824)	(794,670)
Total expenses		(53,167,578)	(11,781,633)
Profit/(loss) before income tax expense from continuing operations		15,957,488	(1,452,876)
Income tax expense		(1,669,314)	(65,548)
Profit/(loss) after income tax expense from continuing operations		14,288,174	(1,518,424)
Profit after income tax expense from discontinued operations	4	-	2,280,474
Profit after income tax expense for the half-year		14,288,174	762,050
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		15,906,118	6,366,185
Other comprehensive income for the half-year, net of tax		15,906,118	6,366,185
Total comprehensive income for the half-year		30,194,292	7,128,235
Profit for the half-year is attributable to:			
Non-controlling interest		154,175	16,123
Owners of Donaco International Limited	12	14,133,999	745,927
		14,288,174	762,050
Total comprehensive income for the half-year is attributable to:			
Continuing operations		154,175	16,123
Discontinued operations		-	-
Non-controlling interest		154,175	16,123
Continuing operations		30,040,117	7,035,012
Discontinued operations		-	77,100
Owners of Donaco International Limited		30,040,117	7,112,112
		30,194,292	7,128,235

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 2015

	Note	Consolidated 31 Dec 2015 $	Consolidated 31 Dec 2014 $
		Cents	**Cents**
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Donaco International Limited			
Basic earnings per share	17	1.70	(0.33)
Diluted earnings per share	17	1.69	(0.32)
Earnings per share for profit from discontinued operations attributable to the owners of Donaco International Limited			
Basic earnings per share	17	-	0.49
Diluted earnings per share	17	-	0.47
Earnings per share for profit attributable to the owners of Donaco International Limited			
Basic earnings per share	17	1.70	0.16
Diluted earnings per share	17	1.69	0.15

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 2015

	Note	Consolidated 31 Dec 2015 $	Consolidated 30 June 2015 $
Assets			
Current assets			
Cash and cash equivalents		83,229,840	210,175,119
Trade and other receivables		5,273,934	2,064,923
Inventories		1,130,067	700,866
Prepaid construction costs		25,541	273,207
Other	5	1,690,760	11,883,206
Total current assets		91,350,142	225,097,321
Non-current assets			
Property, plant and equipment	6	131,009,681	82,017,909
Intangibles	7	443,322,751	2,464,577
Construction in progress		1,406,909	205,737
Other		4,043,673	533,765
Total non-current assets		579,783,014	85,221,988
Total assets		671,133,156	310,319,309
Liabilities			
Current liabilities			
Trade and other payables		34,408,288	16,016,059
Borrowings	8	134,437,372	2,962,712
Income tax		1,152,837	427,505
Employee benefits		366,547	315,879
Total current liabilities		170,365,044	19,722,155
Non-current liabilities			
Borrowings	9	38,580,408	13,217,093
Employee benefits		12,939	9,011
Total non-current liabilities		38,593,347	13,226,104
Total liabilities		208,958,391	32,948,259
Net assets		462,174,765	277,371,050
Equity			
Issued capital	10	400,441,791	246,719,609
Reserves	11	32,550,881	15,757,526
Retained profits	12	28,041,456	13,907,453
Equity attributable to the owners of Donaco International Limited		461,034,128	276,384,588
Non-controlling interest		1,140,637	986,462
Total equity		462,174,765	277,371,050

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 2015

Consolidated	Issued capital $	Employee option reserve $	Reserves $	Retained profits $	Non-controlling interest $	Total equity $
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
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	566,643	-	-	-	-	566,643
Share buy back	(825,113)	-	-	-	-	(825,113)
Return of capital on iSentric sale	(8,500,000)	-	-	-	-	(8,500,000)
Employee share options	-	1,218,038	-	-	-	1,218,038
Balance at 31 December 2014	121,206,439	1,218,038	5,888,092	19,436,786	1,074,911	148,824,266

*Pursuant to the sale of iSentric Sdn Bhd to OMI which took effect on 8th September 2014, the shareholders of Donaco voted at a special general meeting on 25 August 2014 to approve an ordinary resolution under section 256C of the Corporations Act 2001, to reduce the share capital of Donaco by $8,500,000. This equated to $0.0185 per Donaco ordinary share.

Consolidated	Issued capital $	Employee option reserve $	Reserves $	Retained profits $	Non-controlling interest $	Total equity $
Balance at 1 July 2015	246,719,609	1,967,750	13,789,772	13,907,457	986,462	277,371,050
Profit after income tax expense for the half-year	-	-	-	14,133,999	154,175	14,288,174
Other comprehensive income for the half-year, net of tax	-	-	15,906,118	-	-	15,906,118
Total comprehensive income for the half-year	-	-	15,906,118	14,133,999	154,175	30,194,292
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	153,722,182	-	-	-	-	153,722,182
Employee options	-	887,241	-	-	-	887,241
Balance at 31 December 2015	400,441,791	2,854,991	29,695,890	28,041,456	1,140,637	462,174,765

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 2015

	Note	Consolidated 31 Dec 2015 $	Consolidated 31 Dec 2014 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		184,234,595	9,932,626
Payments to suppliers and employees (inclusive of GST)		(133,343,843)	(16,888,934)
		50,890,752	(6,956,308)
Interest received		26,757	1,561,845
Other revenue		-	164,441
Interest and other finance costs paid		(3,523,427)	(794,670)
Government levies, gaming taxes and gst		(3,411,360)	(1,482,228)
Net cash from/(used in) operating activities		43,982,722	(7,506,920)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	15	(310,507,783)	-
Payment for expenses relating to acquisitions		(14,371,077)	-
Payments for property, plant and equipment	6	(1,320,127)	(16,040,271)
Payments for Prepaid construction costs		-	18,745,406
Proceeds from disposal of business		-	450,000
Net cash from/(used in) investing activities		(326,198,987)	3,155,135
Cash flows from financing activities			
Proceeds from issue of shares	10	-	568,459
Proceeds from borrowings		162,126,345	4,633,363
Payments for share buy-backs		-	(825,113)
Share issue transaction costs		(5,968,003)	(1,816)
Net cash from financing activities		156,158,342	4,374,893
Net increase/(decrease) in cash and cash equivalents		(126,057,923)	23,108
Cash and cash equivalents at the beginning of the financial half-year		210,175,119	99,496,165
Effects of exchange rate changes on cash and cash equivalents		(887,356)	93,660
Cash and cash equivalents at the end of the financial half-year		83,229,840	99,612,933

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 2015 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 the annual report for the year ended 30 June 2015 and 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 are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

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

The 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 International Hotel and the Star Vegas Resort and Club (which was acquired on 1 July 2015), operating in Cambodia and Vietnam. These operations include hotel accommodation and gaming and leisure facilities.
Corporate Operations	Comprises of the development and implementation of corporate strategy, commercial negotiations, corporate finance, treasury, management accounting, corporate governance and investor relations functions.

The Corporate Operations segment at 31 December 2014 included the gaming operations of iSentric Sdn Bhd, Way2Bet Pty Ltd and Donaco Australia Pty Ltd which are discontinued operations as at 31 December 2015.

The consolidated entity is domiciled in Australia and operates predominantly in five countries: Australia, Cambodia, Vietnam, Singapore and Malaysia.

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

Note 2. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2015	Casino Operations $	Corporate Operations $	Total $
Revenue			
Sales to external customers	68,848,745	169	68,848,914
Interest	2,559	20,567	23,126
Total revenue	68,851,304	20,736	68,872,040
EBITDA	45,576,037	(6,455,173)	39,120,864
Depreciation and amortisation	(4,295,347)	(66,157)	(4,361,504)
Interest revenue	2,559	20,567	23,126
Finance costs	(1,160,266)	(6,227,559)	(7,387,825)
Acquisition costs	-	(11,844,375)	(11,844,375)
Net exchange gain (loss)	(441,694)	694,720	253,026
Non-controlling interest	154,176	-	154,176
Profit/(loss) before income tax expense	39,835,465	(23,877,977)	15,957,488
Income tax expense			(1,669,314)
Profit after income tax expense			14,288,174

Consolidated - 31 Dec 2014	Casino Operations $	Corporate Operations $	Total $
Revenue			
Sales to external customers	8,622,137	1,375,276	9,997,413
Interest	107,941	1,293,274	1,401,215
Total revenue	8,730,078	2,668,550	11,398,628
EBITDA	1,695,966	(2,452,087)	(756,121)
Depreciation and amortisation	(1,333,240)	(2,743)	(1,335,983)
Interest revenue	107,941	1,293,274	1,401,215
Finance costs	(794,670)	-	(794,670)
Net exchange gains	82,721	10,939	93,660
Non-controlling interest	16,123	-	16,123
Sale of discontinued operations	-	2,203,374	2,203,374
Profit/(loss) before income tax expense	(225,159)	1,052,757	827,598
Income tax expense			(65,548)
Profit after income tax expense			762,050
Consolidated - 30 June 2015			
Assets			
Segment assets	96,330,444	213,988,865	310,319,309
Total assets			310,319,309
Liabilities			
Segment liabilities	52,459,098	(19,510,839)	32,948,259
Total liabilities			32,948,259

Note 3. Revenue

	Consolidated	
	31 Dec 2015	**31 Dec 2014**
	$	**$**
From continuing operations		
Sales revenue		
Casino	67,873,773	8,622,137
Games	168	143,470
	67,873,941	8,765,607
Other revenue		
Management fees	-	70,781
Interest	23,126	1,398,709
Other revenue	974,973	-
	998,099	1,469,490
Revenue from continuing operations	68,872,040	10,235,097

Note 4. Discontinued operations

Description
On 26 February 2014, the company announced that it planned to spin off its mobile technology business, iSentric, 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 being $12,000,000 or ordinary fully paid shares in OMI which were returned to Donaco shareholders as an in specie distribution.

The transaction was completed on 23 September 2014, when iSentric Limited listed on the ASX. 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, which managed the Groups online wagering and odds comparison business, was sold to Punters Paradise.

No business disposals occurred in the current financial period.

Note 4. Discontinued operations (continued)

Financial performance information

	Consolidated	
	31 Dec 2015	**31 Dec 2014**
	$	**$**
Sales	-	1,161,025
Interest	-	2,506
Total revenue	-	1,163,531
Cost of sales	-	(746,309)
Employee benefits	-	(182,504)
Depreciation	-	(2,743)
Advertising	-	(64,606)
Professional fees	-	(26,769)
Property costs	-	(6,972)
Telephone	-	(2,857)
Other expenses	-	(53,671)
Total expenses	-	(1,086,431)
Profit before income tax expense	-	77,100
Income tax expense	-	-
Profit after income tax expense	-	77,100
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	-	2,203,374
Profit after income tax expense from discontinued operations	-	2,280,474

Note 5. Current assets - other

	Consolidated	
	31 Dec 2015	**30 June 2015**
	$	**$**
Security deposits	8,167	8,167
Tax Receivable	-	546
Other current assets	1,682,593	11,874,493
	1,690,760	11,883,206

Other current assets at 30 June 2015 included prepaid acquisition costs of $11,844,375 relating to DNA Star Vegas, that were expensed in the current financial period under "Professional and consulting fees".

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

	Consolidated	
	31 Dec 2015	30 June 2015
	$	$
Land and buildings - at cost	109,086,286	62,808,775
Less: Accumulated depreciation	(6,254,352)	(2,099,485)
	102,831,934	60,709,290
Plant and equipment - at cost	34,600,384	17,491,217
Less: Accumulated depreciation	(14,258,367)	(3,224,294)
	20,342,017	14,266,923
Fixtures and fittings - at cost	4,627,401	-
Less: Accumulated depreciation	(3,434,323)	-
	1,193,078	-
Motor vehicles - at cost	1,716,922	627,077
Less: Accumulated depreciation	(1,130,245)	(233,519)
	586,677	393,558
Office equipment - at cost	3,545,207	1,797,220
Less: Accumulated depreciation	(2,167,497)	(486,099)
	1,377,710	1,311,121
Consumables	7,417,906	7,058,663
Less: Accumulated depreciation	(2,739,641)	(1,721,646)
	4,678,265	5,337,017
	131,009,681	82,017,909

Note 7. Non-current assets - intangibles

	Consolidated	
	31 Dec 2015	30 June 2015
	$	$
Goodwill	2,426,187	2,426,187
Land right	70,859	69,474
Less: Accumulated amortisation	(33,032)	(31,084)
	37,827	38,390
Casino Licence	440,858,737	-
	443,322,751	2,464,577

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

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $	Land use right $	Casino Licence Cambodia $	Total $
Balance at 1 July 2015	2,426,187	38,390	-	2,464,577
Additions through business combinations (note 15)	-	-	444,096,088	444,096,088
Exchange differences	-	(563)	(3,237,351)	(3,237,914)
Balance at 31 December 2015	2,426,187	37,827	440,858,737	443,322,751

Note 8. Current liabilities - borrowings

	Consolidated 31 Dec 2015 $	Consolidated 30 June 2015 $
Joint Stock Commercial Ocean Bank	2,968,452	2,916,691
Joint Stock Commercial Bank for Foreign Trade of Vietnam	-	46,021
Mega International Commercial Bank Co Ltd	131,468,920	-
	134,437,372	2,962,712

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

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the consolidated entity's land and buildings.

Note 9. Non-current liabilities - borrowings

	Consolidated 31 Dec 2015 $	Consolidated 30 June 2015 $
Joint Stock Commercial Ocean Bank	11,873,808	13,125,107
Joint Stock Commercial Bank for Foreign Trade of Vietnam	-	91,986
OL Master Ltd	26,706,600	-
	38,580,408	13,217,093

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

	Consolidated 31 Dec 2015 $	Consolidated 30 June 2015 $
Joint Stock Commercial Ocean Bank	14,842,260	16,041,798
Joint Stock Commercial Bank for Foreign Trade of Vietnam	-	138,007
OL Master Ltd and Mega International Commercial Bank Co Ltd	158,175,520	-
	173,017,780	16,179,805

The acquisition of the Star Vegas Resort & Club was successfully completed on 1 July 2015, for total consideration of USD360 million, consisting of USD240 million cash, and 147,199,529 ordinary shares in the Company, with an agreed value of USD120 million.

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

As part payment for the acquisition, a term loan of USD100 million from Mega International Commercial Bank Co, Ltd of Taiwan was drawn down on 1 July 2015, and the proceeds paid to the vendor.

In order to provide working capital for the consolidated entity, a new term loan facility in the amount of USD20 million from OL Master Limited was drawn down on 7 July 2015.

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the consolidated entity's land and buildings.

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

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2015 $	30 June 2015 $
Total facilities		
Bank Loans	186,311,431	21,808,808
Used at the reporting date		
Bank Loans	178,418,859	16,179,805
Unused at the reporting date		
Bank Loans	7,892,572	5,629,003

Note 10. Equity - issued capital

	Consolidated			
	31 Dec 2015 Shares	30 June 2015 Shares	31 Dec 2015 $	30 June 2015 $
Ordinary shares - fully paid	831,211,424	460,434,022	400,441,791	246,719,609

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2015	683,524,102	246,719,609
Issued share - consideration for DNA Star Vegas Co Ltd	1 July 2015	147,199,529	155,442,708
Employee short term incentive FY16	1 October 2015	487,793	-
Less: transaction costs arising on share issue		-	(1,720,526)
Balance	31 December 2015	831,211,424	400,441,791

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 10. Equity - issued capital (continued)

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

Note 11. Equity - reserves

	Consolidated 31 Dec 2015 $	Consolidated 30 June 2015 $
Revaluation surplus reserve	1,855,329	1,855,329
Foreign currency reserve	27,840,561	11,934,447
Employee options reserve	2,854,991	1,967,750
	32,550,881	15,757,526

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

Consolidated	Revaluation surplus reserve $	Employee share option reserve $	Foreign currency reserve $	Total $
Balance at 1 July 2015	1,855,329	1,967,750	11,934,447	15,757,526
Foreign currency translation	-	-	15,906,114	15,906,114
Employee share options	-	887,241	-	887,241
Balance at 31 December 2015	1,855,329	2,854,991	27,840,561	32,550,881

Note 12. Equity - retained profits

	Consolidated 31 Dec 2015 $	Consolidated 30 June 2015 $
Retained profits at the beginning of the financial half-year	13,907,457	18,690,859
Profit/(loss) after income tax expense for the half-year	14,133,999	(2,928,079)
Transfer from revaluation surplus reserve	-	(2,978,285)
Transfer (to) from other reserves	-	1,122,958
Retained profits at the end of the financial half-year	28,041,456	13,907,453

Note 13. Fair value measurement

The Directors consider that the carrying values of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Note 14. Contingent liabilities

As part of the agreement for the purchase of the Star Vegas Resort & Club, the vendor of the business will manage the business for two full years following completion on 1 July 2015. The vendor also provided a guarantee that the earnings before interest, tax depreciation and amortisation ("EBITDA") of the business would be not less than USD 60 million per year for the two full years following the acquisition, being FY16 and FY17.

If the target EBITDA of USD60 million is not met, the vendor will top up the shortfall in cash. However if the target is met, the vendor will receive a management fee in return for the management services provided, in the sum of 25% of the net profit after tax ("NPAT") of the business. No other management fee is payable for the management services.

Note 14. Contingent liabilities (continued)

These arrangements are set out in a Share Sale Agreement and Management Agreement dated on 23 January 2015, a Supplemental Share Sale Agreement dated 22 May 2015, and an Amending and Restating Deed dated 18 June 2015.

For the six months ending on 31 December 2015, the EBITDA of the Star Vegas business was USD27,113,959. On this basis, the business is not currently on track to reach the EBITDA target of USD60 million for the full financial year 2016. Accordingly, the obligation to pay the management fee is inherently uncertain, as it will depend on whether or not the business reaches the target for the full year.

The Directors have decided to treat the possible obligation to pay a management fee in respect of the December 2015 half year as a contingent liability. Pursuant to International Accounting Standards IAS37, a contingent liability is "a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity."

The amount of the contingent liability for the December 2015 half year is USD 6,480,405.

Note 15. Business combinations

The acquisition of the Star Vegas Resort & Club was successfully completed on 1 July 2015, for total consideration of USD360 million (AUD471,841,466), consisting of USD240 million cash, and 147,199,529 ordinary shares in the Company, with an agreed value of USD120 million.

Pursuant to a detailed valuation report and purchase price allocation report dated 22 January 2015 prepared by Colliers International Hong Kong Limited and its related party, Colliers International Thailand, the fair value of the business acquired by DNA was USD411.2 million. Since the price paid was USD360 million, this valuation would require the acquisition to be treated as a bargain purchase, which would require the excess of USD51.2 million to be recorded as a positive income amount in the Company's income statement.

However the Directors have decided to take a more conservative approach to the valuation, and will continue to evaluate the business and the assets acquired in more detail over the 12 months ending on 30 June 2016 pursuant to the requirements of AASB 3 *Business Combinations*, before deciding whether to treat the acquisition as a bargain purchase.

Details of the acquisition are as follows:

	Fair value
	$
Equity	25,254,361
Casino Licence - at fair value	444,096,088
Buildings	2,022,714
Plant and equipment	69,936
Motor vehicles	34,185
Slot Machines	343,958
Furniture and fittings	20,224
Net assets acquired	471,841,466
Goodwill	-
Acquisition-date fair value of the total consideration transferred	471,841,466
Representing:	
Cash paid or payable to vendor	316,398,757
Donaco International Limited shares issued to vendor	155,442,709
	471,841,466
Acquisition costs expensed to profit or loss	11,844,375

Note 16. Events after the reporting period

No matter or circumstance has arisen since 31 December 2015 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.

Note 17. Earnings per share

	Consolidated	
	31 Dec 2015	**31 Dec 2014**
	$	**$**
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax	14,288,174	(1,518,424)
Non-controlling interest	(154,175)	(16,123)
Profit/(loss) after income tax attributable to the owners of Donaco International Limited	14,133,999	(1,534,547)

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	830,164,882	460,763,655
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	7,582,061	23,860,078
Weighted average number of ordinary shares used in calculating diluted earnings per share	837,746,943	484,623,733

	Cents	**Cents**
Basic earnings per share	1.70	(0.33)
Diluted earnings per share	1.69	(0.32)

	Consolidated	
	31 Dec 2015	**31 Dec 2014**
	$	**$**
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Donaco International Limited	-	2,280,474

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	-	460,763,655
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	23,860,078
Weighted average number of ordinary shares used in calculating diluted earnings per share	-	484,623,733

	Cents	**Cents**
Basic earnings per share	-	0.49
Diluted earnings per share	-	0.47

	Consolidated	
	31 Dec 2015	**31 Dec 2014**
	$	**$**
Earnings per share for profit		
Profit after income tax	14,288,174	762,050
Non-controlling interest	(154,175)	(16,123)
Profit after income tax attributable to the owners of Donaco International Limited	14,133,999	745,927

Note 17. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	830,164,882	460,763,655
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	7,582,061	23,860,078
Weighted average number of ordinary shares used in calculating diluted earnings per share	837,746,943	484,623,733

	Cents	Cents
Basic earnings per share	1.70	0.16
Diluted earnings per share	1.69	0.15

Donaco International Limited
Directors' declaration
31 December 2015

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 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

Mr Stuart McGregor
Chairman

24 February 2016

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) on pages 5 to 21, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 gives a true and fair view and 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 2015 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

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 on pages 5 to 21 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 2015 and of its performance for the half year ended on that date; and
b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

William Buck

William Buck
ABN 16 021 300 521

MNevill

Michele Nevill
Partner
Dated this 24th day of February, 2016