



ASX: DNA

ASX RELEASE

25 February 2013

Half Year Financial Report

Donaco International Limited (formerly Two Way Limited) (**the Company**) today released its financial report and accounts for the six month period ending 31 December 2012 (1H13).

Successful Completion of Merger

The Company notes that the merger with Donaco Singapore Pte Ltd was successfully completed on 1 February 2013, when the Company was reinstated to the ASX.

The successful merger and corporate restructure has resulted in a significantly stronger, cash flow positive and profitable listed entity. The Company now operates leisure, entertainment and associated technology businesses across the Asia Pacific region.

Important note: the statutory results contained in this Half Year Report predate the completion of the merger on 1 February 2013. As such, they do not include results of the now larger consolidated entity.

Pro Forma Unaudited Consolidated Financial Information

The following unaudited pro forma financial information provides an indication of the consolidated entity's operations. These consolidated results have been prepared on the assumption that the merger had taken place prior to 31 December 2012.

<u>Pro forma financial information</u> (unaudited)	<u>1H13</u> AUD\$
Revenue from ordinary activities	8,939,630
Cost of sales	(335,216)
Operating costs	(3,395,977)
Operating result	5,208,437
Net Result after Tax	4,323,184
Net Result attributable to members of Parent	3,499,140



Statutory Results – Former Two Way Limited Business

The audited statutory results for the former Two Way Limited business for the six months to 31 December 2012 reflect a continued improvement in the operating performance, as compared to the previous corresponding period.

	1H13 \$	1H12 \$	% Change
Revenue from Ordinary Activities	760,986	728,842	Increased 4%
Operating Costs	(1,262,966)	(1,489,700)	Reduced 15%
Operating Result	(501,980)	(760,858)	Improved 34%
Net Result after tax	(275,463)	(558,841)	Improved 51%
Net Result	(275,463)	(558,841)	Improved 51%

Review of Operations – Former Two Way Limited Business

The Company's TV wagering service, known as TAB Active, is available in all mainland States on the Foxtel and Optus platforms. Revenues were down 11% compared to the previous corresponding period, which can be attributed to reduced promotional spend as the Company shifted its focus to its Way2Bet online and mobile portal.

Way2Bet revenues grew 63% on the previous corresponding period, as a result of investment in search engine optimisation initiatives and social media promotions, together with the launch of multiple sports-specific websites. All major online bookmakers in Australia are represented on the portal, with many of these bookmaker clients recording significant win rates during the half (resulting in increased commissions to Way2Bet).

Games service revenues from New Zealand were down 21% on 1H12, partly attributable to the strength of the Australian Dollar.

The Company's continued focus on tight cost control saw a 15% fall in operating costs compared to the previous corresponding period. Significant savings were recorded in staff costs (down 18%); marketing costs (down 49%); and telecommunications costs (down 19%).

The Company was again successful in being awarded a research and development tax offset during the year.



Outlook

The Company's flagship business is the Lao Cai International Hotel, a successful boutique casino in northern Vietnam. The Lao Cai International Hotel was established in 2002, and is located on the border with Yunnan Province, China. Donaco operates the business and owns a 75% interest, in a joint venture with the Government of Vietnam.

The Lao Cai International Hotel is the first fully licensed table gaming business in Vietnam. The property is currently being expanded from a 3-star 32 room hotel, to a brand new resort complex with 428 hotel rooms.

The Company has an excellent opportunity to expand its business via the new Lao Cai Hotel project. In addition, the Company will continue to evaluate other opportunities for boutique leisure and entertainment assets across the Asia Pacific region.

For further information:

Rointon Nugara
Company Secretary
Phone: +612 9017 7000

ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)

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

Our flagship business is the Lao Cai International Hotel, a successful boutique casino in northern Vietnam. The Lao Cai International Hotel was established in 2002, and is located on the border with Yunnan Province, China. Donaco operates the business and owns a 75% interest, in a joint venture with the Government of Vietnam.

The Lao Cai International Hotel is the first fully licensed table gaming business in Vietnam. The property is currently being expanded from a 3-star 34 room hotel, to a brand new resort complex with 428 hotel rooms.

Donaco also owns and operates the TAB Active TV wagering service in Australia, in partnership with all major TAB operators (Tabcorp Holdings Limited, Tatts Limited and Racing and Wagering WA). We also own and operate the Way2Bet online and mobile wagering portal, whose customers include all major corporate bookmakers in Australia.

To learn more about Donaco visit www.donacointernational.com



DONACO INTERNATIONAL LIMITED & CONTROLLED ENTITIES

Appendix 4D

Listing Rule 4.2A.3

Half-Year Ended 31 December 2012

	31/12/2012 \$A	31/12/2011 \$A	Change \$A	%
Consolidated Results				
Revenue from ordinary activities	760,986	728,842	32,144	4%
Net profit (loss) from ordinary activities after tax attributable to members	(275,463)	(558,841)	283,378	(51%)
Net profit (loss) attributable to members	(275,463)	(558,841)	283,378	(51%)

Previous Corresponding Period

The comparison is to the period ending 31 December 2011

Net Tangible Assets per Security	2012	2011
Net tangible asset backing per ordinary security (cents)	0.2	0.3

Dividends (distributions)

No dividend payments are proposed and none were paid during the period.

Key Developments

A commentary on the results for the period is contained in the press release dated 25 February 2013 accompanying this statement.

The Company changed its name from Two Way Limited to Donaco International Limited on 18 January 2013

DONACO INTERNATIONAL LIMITED
(Formerly Two Way Limited)
&
CONTROLLED ENTITIES

ABN 28 007 424 777

Half-Year Financial Report

31 December 2012

DONACO INTERNATIONAL LIMITED & CONTROLLED ENTITIES

Corporate Information

(as at 31 December 2012)

ABN 28 007 424 777

Directors

Mr Stuart James McGregor (Chairman)

Mr Benedict Paul Reichel (Non-Executive Director)

Mr Gerald Nicholas Eng Hoe Tan (Non-Executive Director)

Company Secretary

Mr Rointon Nugara

Registered Office

Suite 2.05

55 Miller Street

Pymont NSW 2009

Principal Place of Business

Suite 2.05

55 Miller Street

Pymont NSW 2009

Bankers

Bankwest

Share Register

Boardroom Pty Ltd

Level 7, 207 Kent Street

Sydney NSW 2000

Auditors

William Buck Chartered Accountants

Level 29, 66 Goulburn Street

Sydney NSW 2000

Contents

	Page
Directors' Report	3
Auditor's Independence Declaration	4
Consolidated Statement of Profit or Loss and Other Comprehensive Income....	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Half-Year Financial Statements	9
Directors' Declaration	13
Independent Auditor's Review Report.....	14

Directors' Report

The Directors present their report on the consolidated entity consisting of Donaco International Limited (formerly known as Two Way Limited) (the **Company**) and its controlled entities for the half-year ended 31 December 2012.

It is important to note that these results predate the Company's recent merger and corporate restructure, which was completed on 1 February 2013. Refer *Note 6 -Subsequent Events* for further information on the merger and corporate restructure.

Directors

The names of Directors in office at any time during the half-year and up to the date of this report are:

Mr Stuart James McGregor	Chairman
Mr Lim, Keong Yew	Managing Director (appointed 1 February 2013)
Mr Benedict Paul Reichel	Non-Executive Director
Mr Gerald Nicholas Eng Hoe Tan	Non-Executive Director
Mr Benjamin Lim Keong	Non-Executive Director (appointed 1 February 2013)
Mr Mak, Siew Wei	Non-Executive Director (appointed 1 February 2013)

Review of operations

The Company's TV wagering service, TAB Active is available in all mainland States on the Foxtel and Optus platforms. Revenues were down 11% compared to the previous corresponding period, which can be attributable to reduced promotional spend as the Company shifted its focus to its Way2Bet online and mobile portal.

Way2Bet revenues grew 63% on the previous corresponding period, as a result of considerable investment in search engine optimisation initiatives and social media promotions, together with the launch of multiple sports-specific websites. All major online bookmakers in Australia are represented on the portal, with many of these corporate bookmaker clients recording significant win rates (resulting in increased commissions to Way2Bet).

Games service revenues from New Zealand were down 21% on 1H12, partly attributable to the strength of the Australian Dollar.

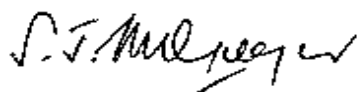
The Company's continued focus on tight cost control saw a 15% fall in operating costs compared to the corresponding period last year. Significant savings were recorded in staff costs (down 18%); marketing costs (down 49%); and telecommunications costs (down 19%).

The Company was again successful in being awarded a research and development tax offset during the year.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 4 of this half-year ended 31 December 2012 report.

Signed in accordance with a resolution of the Directors:



Mr S. J. McGregor
Director

Dated 25 February 2013

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF DONACO INTERNATIONAL LIMITED (FORMERLY TWO WAY LIMITED)

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2012, 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
Chartered Accountants
ABN 16 021 300 521

Leo Tutt

L.E. Tutt
Partner
Sydney, 25 February 2013

**Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland**

DONACO INTERNATIONAL LIMITED & CONTROLLED ENTITIES

**Consolidated Statement of Profit or Loss and Other Comprehensive
Income**
Half-Year ended 31 December 2012

	Economic Entity	
	31/12/2012	31/12/2011
	\$	\$
Revenue	760,986	728,842
Employee benefits expense	657,249	800,295
Depreciation and amortisation	1,847	12,761
Professional and consulting fees	156,007	118,143
Travel	27,965	12,577
Administration expenses	75,466	72,062
Telecommunications and hosting	184,265	226,084
Marketing and promotions	92,084	180,313
Other expenses from ordinary activities	68,083	67,464
	<hr/>	<hr/>
Loss before income tax	(501,980)	(760,857)
Income tax expense	-	-
R&D tax offset	226,517	202,016
Net loss attributable to members of the Parent	(275,463)	(558,841)
Other comprehensive income/(loss)	-	-
	<hr/>	<hr/>
Total comprehensive loss attributable to members of the Parent	(275,463)	(558,841)
	<hr/>	<hr/>
Basic loss per share (cents per share)	-0.10	-0.26
Diluted loss per share (cents per share)	-0.10	-0.26

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

DONACO INTERNATIONAL LIMITED & CONTROLLED ENTITIES

**Consolidated Statement of Financial Position
As at 31 December 2012**

	Note	Economic Entity	
		31/12/2012	30/06/2012
		\$	\$
Current Assets			
Cash and cash equivalents		160,642	426,328
Trade & other receivables		350,863	127,871
Other financial assets	2	401,184	401,184
Other		24,100	36,442
Total Current Assets		<u>936,789</u>	<u>991,825</u>
Non-Current Assets			
Plant & equipment		3,725	5,572
Total Non-Current Assets		<u>3,725</u>	<u>5,572</u>
Total Assets		<u>940,514</u>	<u>997,397</u>
Current Liabilities			
Payables		280,571	218,693
Provisions		170,080	168,139
Total Current Liabilities		<u>450,651</u>	<u>386,832</u>
Non-Current Liabilities			
Provisions		40,527	38,073
Total Non-Current Liabilities		<u>40,527</u>	<u>38,073</u>
Total Liabilities		<u>491,178</u>	<u>424,905</u>
Net Assets		<u>449,336</u>	<u>572,492</u>
Equity			
Contributed equity	3	50,732,970	50,580,663
Reserves		15,399	47,456
Accumulated losses		(50,299,033)	(50,055,627)
Total Equity		<u>449,336</u>	<u>572,492</u>

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

DONACO INTERNATIONAL LIMITED & CONTROLLED ENTITIES

Consolidated Statement of Changes in Equity
Half-Year ended 31 December 2012

Economic Entity	Note	Contributed Equity \$	Unissued Shares Reserve \$	Retained Profits \$	Share Issue Expense Reserve \$	Employee Options Reserve \$	Total \$
Balance at 1.7.2011		56,707,840	-	(48,771,514)	(7,964,098)	51,000	23,228
Transactions with owners in their capacity as owners:							
Shares issued during the period		582,500	-	-	-	-	582,500
Shares reserved for issue		-	751,184	-	-	-	751,184
Share issue expense		-	-	-	(87,473)	-	(87,473)
Employee share options lapsed/cancelled		-	-	3,168	-	(3,168)	-
Loss attributable to members of parent entity		-	-	(558,841)	-	-	(558,841)
Balance at 31.12.2011		57,290,340	751,184	(49,327,187)	(8,051,571)	47,832	710,598
Balance at 1.7.2012		57,990,340	701,184	(50,055,626)	(8,110,861)	47,455	572,492
Transactions with owners in their capacity as owners:							
Shares issued during the period		250,000	-	-	-	-	250,000
Shares reserved for issue		-	-	-	-	-	-
Share issue expense		-	-	-	(97,693)	-	(97,693)
Employee share options lapsed/cancelled		-	-	32,057	-	(32,057)	-
Loss attributable to members of parent entity		-	-	(275,463)	-	-	(275,463)
Balance at 31.12.2012		58,240,340	701,184	(50,299,032)	(8,208,554)	15,398	449,336

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

DONACO INTERNATIONAL LIMITED & CONTROLLED ENTITIES

Consolidated Statement of Cash Flows
Half-Year ended 31 December 2012

	Economic Entity	
	31/12/2012	31/12/2011
	\$	\$
Cash Flows from Operating Activities		
Receipts from customers	831,702	760,693
Payments to suppliers and employees	(1,302,054)	(1,519,219)
Research & development tax offset	-	202,016
Interest received	3,888	8,326
Net cash used in operating activities	<u>(466,464)</u>	<u>(548,184)</u>
Cash Flows from Investing Activities		
Purchase of plant and equipment	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Cash Flows from Financing Activities		
Proceeds from share issue	250,000	764,980
Share issue expense	(49,222)	(92,118)
Net cash provided by financing activities	<u>200,778</u>	<u>672,862</u>
Net increase/(decrease) in cash & cash equivalents held	(265,686)	124,678
Cash and cash equivalents at beginning of period	426,328	234,588
Cash and cash equivalents at end of period	<u><u>160,642</u></u>	<u><u>359,266</u></u>

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

**Notes to the Half-Year Financial Statements
31 December 2012**

Note 1: Significant Accounting Policies

Reporting Entity

Donaco International Limited (formerly Two Way Limited) (the “Company”) is a company domiciled in Australia. The consolidated half-year financial report of the Company as at and for the six months ended 31 December 2012 comprises the Company and its controlled entities (together referred to as the “Group”, “Consolidated Entity” or “Economic Entity”).

It is important to note that the results of these Half-Year Financial Statements and Notes predate the Company’s recent merger and corporate restructure, which was completed on 1 February 2013. Refer *Note 6 -Subsequent Events* for further information on the merger and corporate restructure.

Statement of Compliance

The consolidated half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The same accounting policies and methods of computation have been followed in the interim financial report as were applied in the most recent annual financial statements.

The consolidated half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by the Company and its controlled entities during the half year in accordance with the continuous disclosure obligations arising under the Australian Securities Exchange Listing Rules and *Corporations Act 2001*.

This consolidated half-year financial report was approved by the Board of Directors on 25 February 2013.

Going Concern

For the half-year ended 31 December 2012, the consolidated entity incurred a loss of \$275,463, approximately half the loss reported for the previous corresponding period (2011: loss of \$558,841). Net cash outflows from operating activities for the period were \$466,464, down from \$548,184 for the prior period; whilst cash at bank and on hand was \$160,642 (2011: \$359,266). Despite the improvement in the net loss and operating cash flows, the overall result would still ordinarily raise some uncertainty regarding the consolidated entity’s ability to continue as a going concern. However, these results do not take into account the recent and significant merger with Donaco Singapore Pte Ltd, completed on 1 February 2013. This merger and corporate restructure has created a larger, stronger, cash flow positive and profitable listed entity, with significant international exposure. The Directors believe this new consolidated entity would also be successful in raising further capital if and as required.

As such, the Directors consider it is appropriate to prepare the financial statements on a going concern basis and hence no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts

DONACO INTERNATIONAL LIMITED & CONTROLLED ENTITIES

and classification of liabilities that might be necessary if the entity does not continue as a going concern.

Refer *Note 6 – Subsequent Events* for further details of the Company's merger with Donaco Singapore Pte Ltd, including details of the resulting corporate restructure.

Note 2: Other Financial Assets

The Company announced on 15 December 2011 that it had entered into a binding share subscription agreement with Priority One Network Group Limited ("PON").

The terms of that agreement were that PON has agreed to subscribe for and the Company has agreed to issue a total of 35,029,614 fully paid ordinary shares (15% of the Company's then issued capital) to PON, at an agreed price of 4 cents per share. In return, PON will pay to the Company total consideration of \$1,401,184.30, made up of \$1 million in cash, and a total of 1,337,281 shares in PON. The PON shares are to be issued at 30 cents per share, a price which is supported by the independent valuation report obtained by PON, and which is the expected listing price of PON shares on the ASX.

To date the Company has received \$300,000 in cash, and has been issued with 1,337,281 PON shares (which are valued at \$401,184). The balance of \$700,000 in cash would be paid to the Company on PON's successful listing as per new terms disclosed to the market on 12 March 2012. Under the new terms, both parties also agreed that no shares in the Company would be issued to PON until full payment of the outstanding \$700,000 was received.

In the event that PON's application for listing is unsuccessful, the Company would return the relevant PON shares. With respect to the \$300,000 cash already received, the Company would need to issue to PON, Company shares to this value. Subsequent to the Company's recent corporate restructure and acquisition, the Company would need to issue 375,0000 ordinary fully paid shares to PON, at an post-consolidated share price of \$0.80 each.

PON has lodged its prospectus with ASIC for approval and is still confident of listing on the ASX.

Note 3: Contributed Equity

	Number
Balance at 30 June 2012	268,530,760
Fully paid ordinary shares issued during the period	
18 September 2012 -	
issue price: 1.5 cents per share, funds raised \$250,000	16,666,667
Balance at 31 December 2012	<u>285,197,427</u>

Note 4: Contingent Liabilities and Contingent Assets

At the end of the reporting period the Directors were not aware of any contingent liabilities or contingent assets.

Note 5: Operating Segments

The Group has determined that as at the reporting date it has a single operating segment in a single geographic region, being the development and deployment of advanced interactive media and gambling applications, in Australia and New Zealand. The determination of a

DONACO INTERNATIONAL LIMITED & CONTROLLED ENTITIES

single operating segment is based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers or CODMs) in assessing performance and determining the allocation of resources.

Note 6: Subsequent Events

On 1 February 2013, the Company (previously known as Two Way Limited or **Two Way**) successfully completed its Corporate Restructure and Acquisition, having been reinstated to official quotation on the Australian Securities Exchange on that date, after re-complying with Chapters 1 and 2 of the Listing Rules.

As announced on 24 August 2012 and 9 October 2012, Two Way had entered into an agreement with Donaco Singapore Pte Ltd (**Donaco Singapore**) and subsequently, its two shareholders, Convent Fine Limited (**Convent**) and Slim Twinkle (**Slim**), companies associated with the Lim family of Malaysia and both registered in the British Virgin Islands, under which Two Way would acquire all of the shares of Donaco Singapore from Convent and Slim under a Share Sale Agreement.

The purpose of the merger and corporate restructure is to create a larger, stronger, cash flow positive and profitable listed entity, with significant international exposure.

At the time of completion of the Corporate Restructure and Acquisition, Donaco Singapore's sole assets comprised:

- a. 75% of the ownership rights in Lao Cai International Hotel Joint Venture Company (**Lao Cai**); and
- b. 75% of the licence under which JV Company operates the Lao Cai International Hotel, an exclusive casino and hotel in Lao Cai Province, Vietnam.

The Corporate Restructure and Acquisition involved the following key steps, all of which were approved by a majority of Two Way's shareholders at its AGM held on 19 December 2012:

1. The non-selective consolidation of Two Way's issued securities, pursuant to which all of the issued capital of Two Way was consolidated on a 20 to 1 basis;
2. The issue to Convent and Slim in aggregate of 261,724,250 fully paid ordinary shares in Two Way at an issue price of \$0.30 per share (**Consideration Shares**) on a post-consolidation basis;
3. The appointment of Messrs Lim, Keong Yew, Benjamin Lim Keong Hoe and Mak, Siew Wei as directors to Board (and which became effective on 1 February 2013 when the Company was readmitted to the ASX);
4. The issue of New Shares, to raise up to \$1 million, conducted under a prospectus prepared in accordance with Chapter 6D of the Corporations Act. Applications for 1,859,500 shares at \$0.40 each, totalling \$743,800 were received; and
5. The change of Two Way's name to Donaco International Limited (the **Company**).

Steps 1 and 4 were required to rationalise Two Way's share price so that the new entity could re-comply with Chapters 1 and 2 of the Listing Rules, which in turn, was a precondition to completion of the Corporate Restructure and Acquisition, imposed by ASX under Listing Rule 11.

Upon approval of the Corporate Restructure and Acquisition, a bonus issue of options to existing Two Way shareholders for nil issue price on a pro-rata basis (**Bonus Issue**) was made. Under the Bonus Issue, shareholders received 1 option for every 2 shares owned (post-consolidation). A total of 7,131,957 Options were issued under the Bonus Issue with an exercise price of \$0.30 (post-consolidation).

DONACO INTERNATIONAL LIMITED & CONTROLLED ENTITIES

Allotment of the Consideration Shares, New Shares and Bonus Issue was completed on 29 January 2013.

Immediately after the issue of the Consideration Shares, Convent's voting power in the Company increased from 0% to 48.04%, Slim's voting power in the Company increased from 0% to 46.16% and together Slim and Convent now hold a relevant interest of 94.20%.

The Company's name was approved by ASIC on 18 January 2013; and the new name and stock code (DNA) was adopted by the ASX on 1 February 2013.

Further information on the Corporate Restructure & Acquisition, including the Independent Expert's Report and Lao Cai International Hotel JV Company operations, can be found in the Shareholder Booklet, which accompanied the Notice of Meeting sent to shareholders and released to the market on 19 November 2012. This can be found in the Investors section of the Company's Website (www.donacointernational.com).

On 11 February 2013, the Company announced the appointment of Mr Lim, Keong Yew as the Company's new Managing Director.

The Group is in the process of determining the fair values of the acquired assets and assumed liabilities and therefore disclosure of the fair values of net identifiable assets and the goodwill arising from the acquisition cannot be made. Finalisation of the valuation is expected to be completed before year-end (30 June 2013). At that date, the business combination will be treated as a reverse acquisition by virtue of the former owners of Donaco Singapore Pte Ltd gaining a majority (94%) stake in Two Way Limited's issued capital as a result of the transactions described above.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes as set out on pages 5 – 12 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
2. In the Director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Chairman
25 February 2013

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DONACO INTERNATIONAL LIMITED (FORMERLY TWO WAY LIMITED) AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Donaco International Limited, which comprises the consolidated condensed statement of financial position as at 31 December 2012, 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 company's financial position as at 31 December 2012 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.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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

Independence

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

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 2012 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 2012 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 'L.E. Tutt'.

L.E. Tutt
Partner
Sydney, 25 February 2013