ASX: DNA

ASX RELEASE

27 September 2013

Annual Report to Shareholders

In accordance with Listing Rules 4.5 and 4.7, Donaco International Limited lodges the attached Annual Report for the full year ending 30 June 2013.

An online version of the 2013 Annual Report can also be viewed at our corporate website at http://www.donacointernational.com/investors/annual_reports.html

For further information:

Ben Reichel
Executive Director
Phone: + 61 412 060 281

ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)

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

Our flagship business is the 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 a pioneer casino operator 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 successful gaming technology businesses, including secure mobile payment gateways across South East Asia, and the Way2Bet wagering portal, whose customers include all major corporate bookmakers in Australia.

To learn more about Donaco visit www.donacointernational.com

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donaco INTERNATIONAL

annual report 2013

- Donaco was founded in 2002 by Mr Joey Lim and his late grandfather, Tan Sri Lim Goh Tong, who was also the founder of the Genting Group of Companies
- Donaco has a 75% stake (with an MOU signed to move to 95%) in the Lao Cai International Hotel joint venture, which owns and operates a boutique Hotel & Casino in Vietnam (remaining stake is held by the Government of Vietnam)
- New hotel with 428 rooms and expanded casino business currently under construction; due to open in early 2014
- Strong demand from Chinese “high rollers” who are sourced by junket operators
- Lao Cai province is bordered by the Chinese province of Yunnan which has a population of ~46m people

Cover: Concept images of the new Lao Cai International Hotel, currently under construction

DONACO INTERNATIONAL LIMITED

ABN 28 007 424 777

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2013

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ANNUAL GENERAL MEETING

The Annual General Meeting of Donaco International Limited will be held at Four Points by Sheraton Hotel, Sydney on 21 November 2013 at 11:00 am.

DONACO INTERNATIONAL LIMITED

FROM THE CHAIRMAN

Dear Fellow Shareholders

The 2013 financial year has been one of great change for your Company.

During the year, the Board actively pursued a corporate restructure and merger proposal with Donaco Singapore Pte Ltd. Donaco Singapore owns a 75% interest in the Lao Cai International Hotel, a successful boutique casino in northern Vietnam, under a joint venture arrangement with the Government of Vietnam. Mr Joey Lim co-founded the company with his late grandfather, Tan Sri Lim Goh Tong, who was also the founder of the Genting Group of Companies.

Following the successful completion of the corporate restructure, your Company was reinstated to the Australian Securities Exchange on 1 February 2013, under its new name of Donaco International Limited. This transaction completed the reverse takeover of the former Two Way Limited business.

Mr Joey Lim was appointed as Managing Director and Chief Executive Officer with effect from 1 February 2013. In addition Mr Benjamin Lim and Mr Mak Siew Wei joined the Board as non-executive directors.

A successful placement of $25 million was completed in two tranches in March and May 2013, resulting in strong institutional support to the share register. These funds are being used to finance the completion of the development of the new five star, 428 room hotel and casino at Lao Cai in Vietnam, which is currently on time for an opening prior to Chinese New Year in late January 2014.

A further acquisition of the Malaysian based business iSentric Sdn Bhd was completed on 1 June 2013. iSentric is a successful and profitable mobile services business operating in South East Asia, and now forms the core of our Gaming Technology division, together with the successful Way2Bet marketing portal for wagering operators in Australia.

The financial year concluded with the sale of the TV wagering service, known as “TAB Active”, to Tabcorp Holdings Limited.

The financial results for the year reflect the very strong growth at the Company’s flagship Lao Cai casino property, with a 41% increase in both revenue and net profit after tax (on a like for like basis). With the refocused business, your directors are very confident that a powerful foundation has been put in place to take advantage of further growth opportunities in the Asian region.

The Company now provides shareholders with direct exposure to the substantial gaming industry growth that is taking place in Asia Pacific, with a unique offering setting it aside from the existing mature Australian based gaming operators.

Stuart McGregor
Chairman

FROM THE MANAGING DIRECTOR

Dear Fellow Shareholders

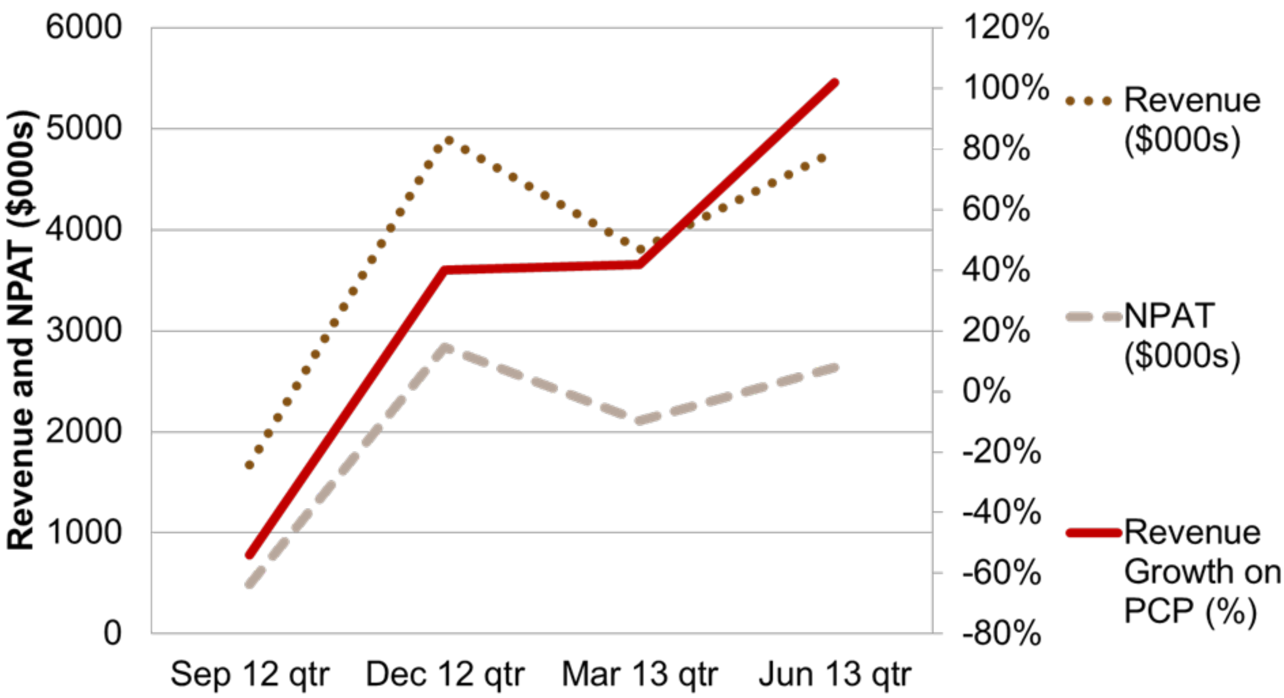
I am pleased to present this first annual report for Donaco International Limited.

By listing the Company on the ASX, my family and I sought to offer gaming industry investors direct access to growth markets in Asia Pacific.

For many years now, we have seen the enormous potential of our casino operations in Vietnam, which are perfectly positioned to ride the wave of Chinese growth. This potential is now being realised, with all financial metrics at the Lao Cai International Hotel reaching record highs during FY13.

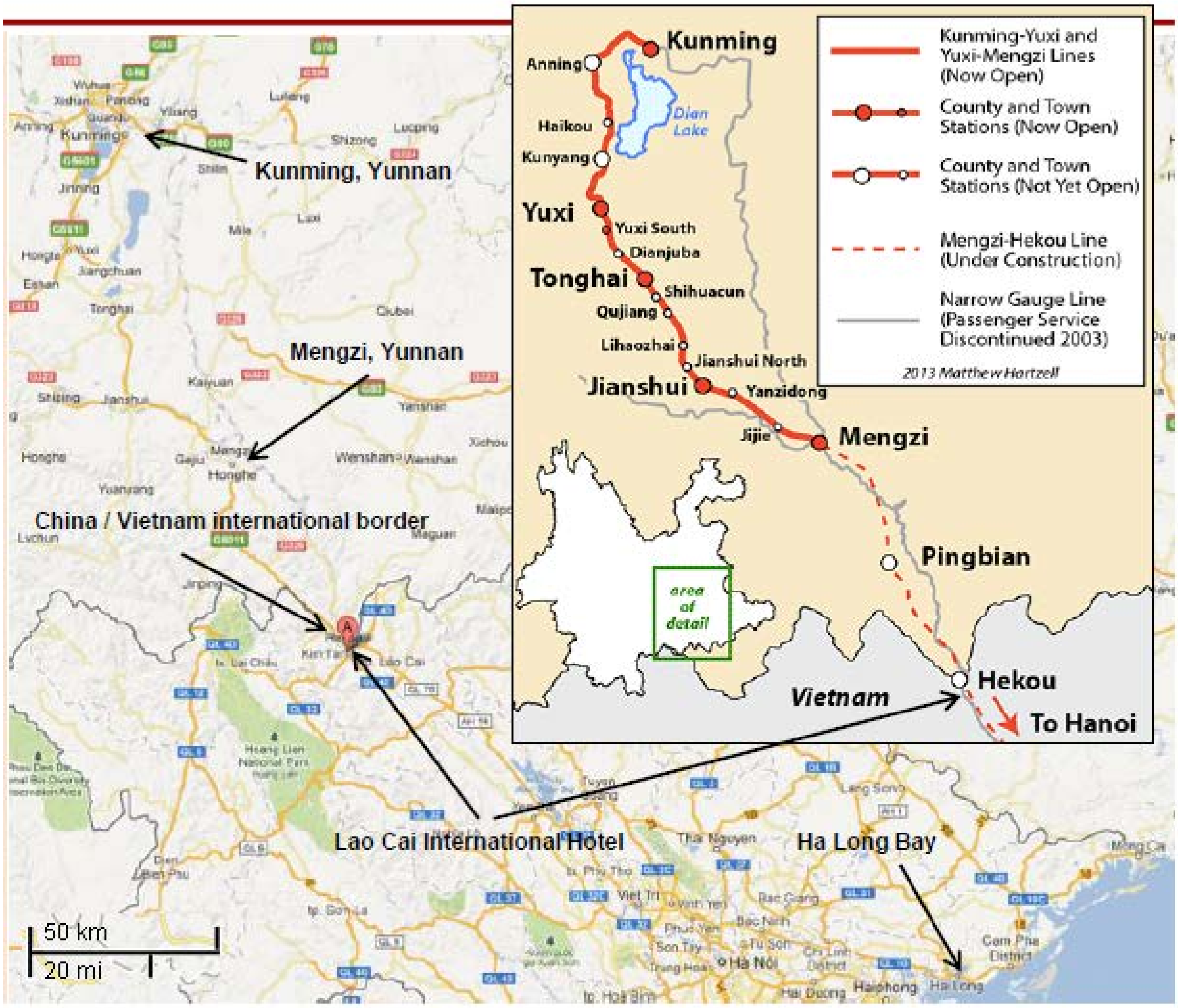
The graph below shows quarterly revenue and net profit after tax (NPAT) for the Lao Cai International Hotel, and also shows the percentage growth in revenue in each quarter, compared to the previous corresponding quarter.

Lao Cai International Hotel – Strong Growth in FY13



This improvement in financial performance is due to the excellent efforts of our marketing and casino management teams, who have successfully worked with junket operators in our target market of the Yunnan Province of China to increase visitation to the property. At the same time, the ongoing improvements in highway and rail infrastructure in China have brought the target market closer to us.

The map below shows the location of our hotel and casino property in north Vietnam. The inset map also shows the new railway line from Kunming, the capital city of Yunnan, which is now carrying passengers as far as the city of Mengzi (1.5 hours drive from Lao Cai). In addition, the new highway from Kunming to the border town of Hekou, across the river from our property, is now 90% open, which has reduced the driving time from 8 hours to 5 hours. We expect that the highway will be fully open in late 2013.



The Board and management team has positioned the Company for a favourable financial performance in the year ahead, with our new five star resort hotel due to open in January 2014. This will allow us to cater to the strong demand for gaming entertainment from our target market in the Yunnan Province.

Equally significant is our recent agreement to increase our stake in the Lao Cai International Hotel joint venture to 95%. The additional 20% stake will allow us to capture an even greater share of the revenue and profit potential from our magnificent new hotel property.

When we brought the Company to the market, we promised to do certain things. I am pleased to confirm that we have delivered, as per below:

- Strong financial results for FY13, with ongoing growth.
- Maintaining our focus on the construction of our new hotel and casino property in Lao Cai. This project continues to be on track.
- Reshaping and strengthening the Board. This process is well under way, with the recent announcement that gaming industry veteran Mr Rob Hines will join our Board in November 2013.

In conclusion, the prospects for your Company in the gaming and wagering space in Asia are exciting. We continue to see multiple opportunities, as a number of countries in the region seek to open up and regulate their gaming industries in order to attract tourism. The Company is well positioned to take advantage of the growth in the gaming and wagering sector in Vietnam, and more broadly in Asia.

We are looking forward to the year ahead.

Mr Joey Lim Keong Yew
Managing Director & CEO

BOARD OF DIRECTORS

Stuart James McGregor

B.Com, LLB, MBA

Non-executive Chairman

Over the last 30 years, Mr McGregor has had a wide-ranging business career with active involvement across the Australasian and Asian Region. In business, he has been Company Secretary of Carlton United Breweries, Managing Director of Cascade Brewery Company Ltd in Tasmania and Managing Director of San Miguel Brewery Hong Kong Ltd, a publicly listed Hong Kong based company with subsidiary businesses in China. In the public sector, he served as Chief of Staff to a Minister for Industry and commerce in the Federal Government and as Chief Executive of the Tasmanian Government's economic development agency.

Mr McGregor was formerly a director of Primelife Limited from 1 December 2001 to 31 March 2004, and is currently a director of EBOS Group Limited (NZX:EBO).

Mr McGregor is Chair of the Audit & Risk Management Committee and Nominations, Remuneration & Corporate Governance Committee.

Joey Lim Keong Yew

B. Computer Science

Managing Director & CEO
(appointed 1st February 2013)

Mr J Lim is the managing director and chief executive officer of Donaco International Limited. He is also a director of Malahon Securities Limited, a stock brokerage company founded in 1984, and is a member and participant of the Hong Kong Exchange. He is also the principal of the Slingshot Group of Companies, which are investment companies based in Hong Kong.

Relevant experience includes:

- working as an executive director to M3 Technologies (Asia) Bhd where he was responsible for strategic investments and corporate affairs;
- working at VXL Capital, China, a company whose business was focused on investing in and restructuring companies in Malaysia, Beijing, Shanghai and Hong Kong; and
- working as Project Manager for Glaxo Wellcome, London, UK.

Mr J Lim is a member of the Nominations, Remuneration & Corporate Governance Committee.

Benedict Paul Reichel

BA, LLB (Hons), LLM (Hons)

Executive Director,
Group General Counsel,
Company Secretary

Mr Reichel is a company director and executive in the gaming, media, and technology sectors, with more than twenty years' experience in major Australian listed public companies and law firms.

Mr Reichel held the position of Chief Executive Officer and Managing Director of the Company (then called Two Way Limited) from July 2007 to January 2012, and has remained on the Board since then.

Previously, Mr Reichel was General Counsel of Tab Limited, a $2 billion ASX listed company with operations in wagering, gaming and media. Prior to that, he was General Counsel of racing broadcaster Sky Channel Pty Limited, and held a number of executive positions at Publishing and Broadcasting Limited.

Mr Reichel was appointed as Company Secretary on 4 March 2013, and was appointed as an Executive Director on 1 July 2013.

BOARD OF DIRECTORS

Gerald Nicholas Tan Eng Hoe

B.Econ, MBA

Non-executive Director
(resigned 6 September 2013)

Mr Tan is a serial entrepreneur who has founded numerous companies in the digital and interactive media space. He is the Managing Partner of Nuetree Capital, with over 19 years of experience on both the sell and buy side of the venture capital and private equity business.

Prior to joining Nuetree, Mr Tan was the Group Managing Director and Co-Founder of Phoenix Investment Global Limited, a leading pan-Asian interactive new media company. Prior to Phoenix, he founded N-Visio Ltd, an interactive television technologies company that developed Asia's first real time 3-D interactive TV system. This solution was used extensively in Malaysia, Indonesia and China.

Mr Tan is a member of the Audit & Risk Management Committee and Nominations, Remunerations & Corporate Governance Committee.

Mak Siew Wei

B.Bus (Info Sys)

Non-executive Director
(appointed 1st February 2013)

Mr Mak served as Business Development Manager of Marvic International (NY) Ltd from 1998 to 2000. He has been an independent non-executive director of Jotech Holdings Bhd since August 2006, Nakamichi Corp. Bhd since August 2008, and Av Ventures Corp. Bhd since April 2006. He has been an Executive Director of Advance Information Marketing Berhad since September 2010, and of SCAN Associates Berhad since August 2012.

Mr Mak also served as Manager of Low Yat Holdings Sdn Bhd from 2001 to 2002.

Mr Mak is a member of the Audit & Risk Management Committee and Nominations, Remunerations & Corporate Governance Committee.

Benjamin Lim Keong Hoe

B.International Business

Non-executive Director
(appointed 1st February 2013)

Mr B Lim is a director of Donaco Singapore Pte Ltd, and a major shareholder of Genting Development Sdn Bhd, a substantial property development business in Malaysia.

He has a Bachelors Degree in International Business with Design Management from Regent Business School, United Kingdom.

CORPORATE GOVERNANCE STATEMENT

Donaco International Limited (the Company) is committed to good corporate governance practices through its established corporate governance framework. This framework is reflected in the Company's policies, and is designed to ensure that there are appropriate levels of disclosure and accountability. Copies of the Company's policies are available from the "Corporate Governance" section of our website, www.donacointernational.com.

The Company has endorsed the updated Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council, and seeks to follow them to the extent that it is practicable having regard to the size and nature of its operations.

The Board regularly reviews all corporate governance policies and practices to ensure that they remain current and in accordance with good practice appropriate for the Company's business environment. The Board and senior management ensure that employees are aware of the requirements for corporate compliance as it applies to their specific roles within the organisation.

Unless otherwise stated, the Board's corporate governance policies comply with the recommendations of the ASX Corporate Governance Council's 2nd edition Corporate Governance Principles and Recommendations (including the 2010 amendments). The table below summarises the ASX Corporate Governance Council's Corporate Principles and Recommendations and cross references these to the Company's Corporate Governance Policies.

ASX Corporate Governance Principles and Recommendations		Compliance	Donaco International Limited Corporate Governance Policy
Principle 1: Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Complies	The Company's Board Charter sets out the specific responsibilities of the Board and those delegated to senior executives. The Company's Board Charter is available on the Company's website.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Complies	The Company's Nominations, Remuneration & Corporate Governance Committee Charter sets out the process for evaluating the performance of senior executives. The Company's Nominations, Remuneration and Corporate Governance Committee Charter is available on the Company's website.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Complies	The Company will provide an explanation of any departures from Recommendations 1.1 to 1.2 (if any) in future annual reports.

ASX Corporate Governance Principles and Recommendations		Compliance	Donaco International Limited Corporate Governance Policy
Principle 2: Structure the Board to add value			
2.1	A majority of the Board should be independent directors.	Complies	The Company's Board Charter, specifically clause 5, sets out the policy regarding independent directors. The Company's Board Charter is available on the Company's website. Since 1 February 2013, the Board has had 3 independent members.
2.2	The chair should be an independent director.	Complies	The Chairman is an independent director.
2.3	The roles of the chair and chief executive officer should not be exercised by the same individual.	Complies	The Chairman and CEO are not the same person.
2.4	The Board should establish a Nominations Committee.	Complies	The Company has established a Nomination Committee in accordance with Clause 8 of its Board Charter.
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	Complies	The Company's Board Committee Standing Rules and Nominations, Remuneration & Corporate Governance Committee Charter sets out the process for evaluating the performance of the Board.
2.6	Companies should provide information indicated in Guide to reporting on Principle 2.	Complies	The Company will provide an explanation of any departures from Recommendations 2.1 to 2.5 (if any) in future annual reports.
Principle 3: Promote ethical and responsible decision-making			
3.1	Companies should establish a code of conduct and disclose the code or a summary as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Complies	The Company has implemented a number of policies and procedures including the Company's Board Charter, Directors' Code of Conduct and Audit and Risk Management Committee Charter that maintain confidence in the Company's integrity, take into account the Company's legal obligations and govern the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. These policies are available on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Does not comply	The Board will determine the appropriate policy concerning diversity. This policy will include a recommendation as to whether it is appropriate for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually.

ASX Corporate Governance Principles and Recommendations		Compliance	Donaco International Limited Corporate Governance Policy
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Does not comply	See 3.2 above
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Complies	The proportion of women employees is as follows: Board, nil; senior executive positions, 8%; and in the whole organisation, 55%.
3.5	Companies should provide the information indicated in Guide to reporting on Principle 3.	Complies	The Company will provide an explanation of any departures from Recommendations 3.1 to 3.4 in future annual reports.
Principle 4: Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	Complies	The Company has an Audit Committee (referred to as the "Audit & Risk Management Committee").
4.2	The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not the chair of the Board; and • has at least three members.	Complies except for point 3	The Company has implemented an Audit and Risk Management Committee Charter which governs the operation of the Audit and Risk Management Committee. This charter is available on the Company's website. The Audit and Risk Management Committee consists only of independent directors, but it is chaired by the Chairman of the Board. The Company believes that this is optimal having regard to the current operations of the Company.
4.3	The audit committee should have a formal Charter.	Complies	See 4.2 above
4.4	Companies should provide the information indicated in Guide to reporting on Principle 4.	Complies	The Company will provide an explanation of any departures from Recommendations 4.1 to 4.3 (if any) in future annual reports.
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Complies	The Company has implemented a Directors' Code of Conduct, Market Disclosure Policy, Directors' Disclosure Policy and Policy for Handling Conflicts of Interest which are designed to ensure compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for compliance and disclosure. These policies are available on the Company's website.
5.2	Companies should provide the information indicated in Guide to reporting on Principle 5.	Complies	The Company will provide an explanation of any departures from Recommendations 5.1 (if any) in future annual reports.

ASX Corporate Governance Principles and Recommendations		Compliance	Donaco International Limited Corporate Governance Policy
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encourage their participation at general meeting and disclose the policy or a summary of the policy.	Complies	The Company has implemented a Market Disclosure Policy which ensures that there is fully and timely disclosure of the Company's activities to shareholders. The Company's Market Disclosure Policy is available on the Company's website.
6.2	Companies should provide the information indicated in Guide to reporting on Principle 6.	Complies	The Company will provide an explanation of any departures from Recommendation 6.1 (if any) in future annual reports.
Principle 7: Recognise and manage risk			
7.1	Companies should establish policies for oversight and management of material business risks and disclose a summary of those policies.	Complies	The Company has implemented an Audit & Risk Management Committee Charter. The Audit & Risk Management Committee Charter outlines the powers and duties of the Audit and Risk Management Committee. The Audit & Risk Management Committee Charter is available on the Company's website.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Complies	The Company's Board Charter requires that an Audit and Risk Management Committee be established. The Audit and Risk Management Committee has been established and reports to the Board in respect of material business risks and their management. The Company has also implemented an Audit and Risk Management Committee Charter which governs the operation of the Audit and Risk Committee.
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complies	Pursuant to clause 4 of the Company's Board Charter, the Board must ensure that it is provided with an additional written statement from the chief executive officer and chief financial officer in relation to the Company's risk and management systems and controls, stating that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

ASX Corporate Governance Principles and Recommendations		Compliance	Donaco International Limited Corporate Governance Policy
Principle 8: Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	Complies	The Company has a remuneration committee (referred to as the "Nominations, Remuneration & Corporate Governance Committee").
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors, • is chaired by an independent chair; and • has at least three members.	Complies except for point 2	The Nominations, Remuneration & Corporate Governance Committee is comprised of a majority of independent directors, but it is chaired by the Chairman of the Board. The Company believes that this is optimal having regard to the current operations of the Company.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Complies	Pursuant to clause 4.1(k) of the Company's Nominations, Remuneration & Corporate Governance Committee Charter, the Company's Nominations, Remuneration & Corporate Governance Committee must review the remuneration of non-executive directors annually and ensure that the structure of non-executive director's remuneration is clearly distinguished from that of executives by ensuring that non-executive directors are remunerated by way of fees, do not participate in schemes designed for the remuneration of executives, do not receive options or bonus payments and are not provided with retirement benefits other than statutory superannuation.
8.4	Companies should provide the information indicated in Guide to reporting on Principle 8.	Complies	The Company will provide an explanation of any departures from Recommendations 8.1 to 8.3 (if any) in future annual reports.

DIRECTORS' REPORT

Definitions

It is important to read the following definitions in order to assist with understanding this report.

For the purposes of this report:

Donaco Singapore Pte Ltd or **Parent Entity** refers to the company purchased by Donaco International Limited on 1 February 2013. As required by Australian Accounting Standard AASB3: Business Combinations, Donaco International Limited is deemed to have been acquired by Donaco Singapore as at 1 February 2013 under the reverse acquisition rules.

Donaco International Limited or **Listed Entity** or **Company** means only the legal entity of Donaco International Limited, which is listed on the Australian Securities Exchange (ASX: DNA). Donaco International Limited is the legal parent of Donaco Singapore Pte Ltd.

Two Way Limited (ASX: TTV) means Donaco International Limited and all its subsidiaries prior to the purchase of Donaco Singapore Pte Ltd. On 19 December 2012, shareholders approved to change the company's name from Two Way Limited to Donaco International Limited and the ASX code was subsequently changed from TTV to DNA.

Consolidated Entity for the year ended 30 June 2013 means Donaco International Limited and its subsidiaries and Donaco Singapore and its subsidiaries combined, where Donaco International Limited is deemed to be acquired by Donaco Singapore Pte Ltd as required by Australian Accounting Standard AASB3.

Consolidated Entity for the year ended 30 June 2012 means Donaco Singapore and its subsidiaries.

The directors present their report, together with the financial statements, on the Consolidated Entity for the year ended 30 June 2013.

Directors

The following persons have been directors of Donaco International Limited during or since the end of the financial year to the date of this report:

Stuart James McGregor
Joey Lim Keong Yew
Benedict Paul Reichel
Gerald Nicholas Tan Eng Hoe
Mak Siew Wei
Benjamin Lim Keong Hoe

Mr McGregor and Mr Reichel have been directors at all times during and since the end of the financial year. Mr J Lim, Mr Mak and Mr B Lim were appointed as directors on 1 February 2013. Mr Tan resigned on 6 September 2013.

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed companies are set out in the Annual Report under the heading "Board of Directors" and form part of this report.

Company Secretary

Mr Benedict Reichel was appointed as company secretary on 4 March 2013. Mr Reichel was previously a non-executive director of the Company, and was appointed as an Executive Director on 1 July 2013. His qualifications and experience are set out in the Annual Report under the heading "Board of Directors" and form part of this report.

Prior to 4 March 2013, Mr Rointon Nugara was the company secretary. Mr Nugara holds a Bachelor of Business (Accounting) from the University of Western Sydney, and is a qualified CPA with 24 years' experience in finance and accounting.

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the Consolidated Entity during the financial year consisted of:

(a) operation of a hotel and casino in northern Vietnam, and

(b) operation and development of gaming technology, including mobile payment gateways and interactive media and gambling applications for deployment on television, mobile and internet.

The following significant changes in the nature of the activities of the Consolidated Entity occurred during the year:

(a) the reverse acquisition of the Company by Donaco Singapore Pte Ltd;

(b) the change of name of the Company to Donaco International Limited;

(c) the raising of $25 million in equity capital;

(d) the acquisition of iSentric Sdn Bhd; and

(e) the sale of the Company's TV wagering service to Tabcorp Holdings Limited.

Full details of these changes are set out under the heading "Significant Changes in State of Affairs" on page 15.

Operating Results

The net amount of the consolidated profit of the Consolidated Entity for the financial year, after providing for income tax and eliminating non-controlled equity interests, was $7,026,199 (an increase of 41% on the 2012 profit of $5,000,327).

Review of Operations, Financial Position, Business Strategies and Prospects

Casino Operations

The strong growth in the Consolidated Entity's revenue and net profit after tax were underpinned by an 18% increase in casino patrons at the Lao Cai International Hotel. Total visitation increased to 69,560 persons in FY13, from 59,078 persons in FY12.

The increase in visitation was due to the effective junket marketing program instituted by the Consolidated Entity, and to the road and rail improvements on the Chinese side of the border, which have continued at pace in recent months. The highway from Kunming, the capital of Yunnan Province in China, is now 90% complete, with total driving time to Lao Cai now reduced to five hours, from the previous 7-8 hrs. The new train line from Kunming now carries passengers as far as Mengzi, which is 1.5 hours drive from Lao Cai.

These infrastructure improvements make the Consolidated Entity's gaming business more accessible for the target market in Yunnan Province. This supports the strong future prospects for the Consolidated Entity's new five-star casino property, which is currently under construction.

During FY13, main hall table games revenue increased by 10% to $3.60m, from $3.27m in FY12. VIP table games revenue increased by 43% to $10.05m, from $7.05m in FY12. The dramatic growth in VIP revenue again reflects the success of the Consolidated Entity's junket marketing program.

The Consolidated Entity does not normalise its reported results based on a theoretical win rate. This is due to the relatively small size of the current property; the rapid growth it is experiencing; and the construction of the new much larger casino and hotel, which will open in FY14. Accordingly, reported results may fluctuate based on normal fluctuations in the win rate. For FY13, the gross win rate (before gaming tax) experienced across all table games in the property was 3.03%.

In February 2013, the Lao Cai International Hotel introduced 12 new high quality slot machines at the property, adding to an installed base of 24 much older machines. This improvement in slot machine inventory saw slot machine revenues jump by 71% to $296k, from $173k in FY12. The increase in the June 2013 month was 333%, compared to June 2012.

It should be noted that slot machines contributed only a very small share of total gaming revenue (2.1% in FY13). This is due to the overwhelming popularity of card games, especially baccarat, amongst the hotel's patrons from China. However, the very positive reaction to better quality machines suggests that there is a good opportunity for the Consolidated Entity to grow slot machine revenues, once the new hotel property is completed and more space is available to house them. The Consolidated Entity's existing casino licence allows for 150 slot machines, and 150 electronic gaming tables.

The Board and management team were particularly pleased to see the phenomenal growth at the Lao Cai casino in the half-year to June 2013. Total revenue rose to $8.58m, an increase of 72% on the previous corresponding half (to June 2012), while net profit after tax rose to $4.75m, an increase of 85% on the previous corresponding half.

Gaming Technology Operations

The Gaming Technology division consists of the former Two Way Limited business operating in Australia and New Zealand, which was acquired on 1 February 2013, together with the iSentric mobile technology business acquired on 1 June 2013.

The former Two Way Limited business as a whole contributed revenue of $537k for the five months from 1 February to 30 June 2013. The "TAB Active" TV wagering service was sold to Tabcorp Holdings Limited on 30 June 2013, with the sale proceeds of $863k booked as a one-off gain.

The Consolidated Entity continues to operate the Way2Bet marketing portal for wagering operators, which has all of the major corporate bookmakers in Australia as clients. Total revenue for this business in the 12 months to 30 June 2013 was $501k, which was an increase of 60% on the previous year.

Technical support for the Way2Bet business is now being provided from Malaysia by the iSentric gaming technology team. In addition, the iSentric team has been engaged to develop customer relationship management and loyalty systems for the new Lao Cai International Hotel. The iSentric mobile payments business contributed revenue of $470k and net profit after tax of $61k for the June 2013 month.

Financial Position

The net assets of the Consolidated Entity at 30 June 2013 were $52,002,457 (2012: $7,415,780). The increase was due to the capital raising of $25 million undertaken by the Consolidated Entity, together with significant investments in construction of the new Lao Cai International Hotel.

The Consolidated Entity's working capital, being current assets less current liabilities was $15,816,006 (2012: ($1,309,377)). The increased cash from the capital raising noted above, plus an increase in trade receivables, contributed to the increase.

Business Strategies and Prospects

The Consolidated Entity 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. The Consolidated Entity operates the business and owns a 75% interest, in a joint venture with the Government of Vietnam. A memorandum of understanding has been signed to increase our stake to 95%.

The Lao Cai International Hotel is a pioneer casino operator 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.

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

Our strategy is to focus on opportunities in the gaming and wagering space in the Asia Pacific region. The construction and opening of our new resort hotel in Lao Cai will underpin our growth during the next 12 months.

Except as noted above, information on the Consolidated Entity's business strategies and prospects for future years has not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

Dividends

No dividends were paid during the financial year by either Donaco International Limited or Donaco Singapore Pte Ltd (2012: $nil). The directors do not recommend the payment of a dividend.

Significant Changes in State of Affairs

Significant changes in the state of affairs of the Consolidated Entity during the financial year were as follows:

- The Company entered into an agreement with Donaco Singapore Pte Ltd ("Donaco Singapore") and its two shareholders, Convent Fine Limited ("Convent") and Slim Twinkle Limited ("Slim"), under which the Company would acquire all of the shares of Donaco Singapore from Convert and Slim. The sale agreement was conditional upon certain things, including the shareholders approving the corporate restructure and acquisition, and the Company receiving the ASX Chapters 1 and 2 confirmations. At the Company's Annual General Meeting held on 19 December 2012, shareholders approved the corporate restructure and acquisition, which involved the following steps:
    - raising of up to $1 million by way of issuing up to 2,500,000 fully paid ordinary shares at an offer price of $0.40 per share, with the right to accept oversubscriptions of up to $200,000;
    - a non-selective consolidation of the Company's issued capital, whereby all of the issued securities of the Company were consolidated on a 20 to1 basis;
    - the issue of 7,131,957 bonus options to all existing shareholders of the Company on a pro-rata basis, whereby shareholders would receive 1 option for every 2 shares (post consolidation). The bonus options were issued at nil issue price and with an exercise price of $0.30 per option, with an expiry date of 29 January 2015; and
    - acquisition of 100% of the issued share capital in Donaco Singapore in consideration for 261,724,250 fully paid ordinary shares in the Company at an issue price of $0.30 per share to Convent and Slim.

- On 29 January 2013, following the ASX restatement confirmations and as a result of the corporate restructure and acquisition, the Company:
    - issued 1,859,500 fully paid ordinary shares at 40 cents each, raising a total of $743,800;
    - completed the purchase of the shares in Donaco Singapore and acquired 75% ownership rights in the Lao Cai International Joint Venture Company ("Lao Cai JV") and a 75% stake in the licence under which Lao Cai JV operates a boutique casino and hotel located in Lao Cai Province, Vietnam;
    - issued 261,724,250 fully paid ordinary shares at an issue price of $0.30 per share (totalling $78,517,275) to Convent and Slim, Donaco Singapore's shareholders, in full consideration of the purchase of Donaco Singapore; and
    - issued 7,131,957 bonus options for nil issue price with an exercise price of $0.30 per option, with an expiry date of 29 January 2015.

- On 19 December 2012, shareholders approved the change of the Company's name from Two Way Limited to Donaco International Limited. The ASX code was subsequently changed from TTV to DNA.

- On 8 April 2013 the Company issued 41,682,829 ordinary fully paid shares at $0.35 per share for a consideration of $14,588,990 and on 17 May 2013 the Company issued 29,745,742 fully paid ordinary shares at $0.35 per share for a consideration of $10,411,010. The shares were issued to raise working capital to fund the expansion of the Lao Cai International Hotel and casino in Vietnam.

- On 1 June 2013 the Company completed the acquisition of iSentric Sdh Bhd, a mobile services business in South East Asia, for $8.5 million. To effect the completion of the acquisition, the Company issued 22,368,420 fully paid ordinary shares to the vendors at an agreed price of $0.38 per share (totalling $8,499,999.60).

  The transaction also involved the acquisition of iSentric Australia Pty Ltd (IAPL), a related business based in Australia. IAPL has signed conditional agreements to acquire online gaming and sportsbook licences issued in the Northern Territory. This further acquisition has not yet been completed and is subject to receipt of all regulatory approvals. The further acquisition of IAPL will involve the issue of a further 657,894 ordinary shares at an agreed price of $0.38 per share, totalling $250,000.

- On 30 June 2013 the Consolidated Entity sold its TV wagering business, known as “TAB Active” to Tabcorp Holdings Limited for $0.83 million. The proceeds from the sale were received on 11 July 2013.

Matters After the End of the Financial Year

On 24 July 2013, the Company announced that it had signed a non-binding memorandum of understanding with its joint venture partner to increase its stake in the Lao Cai International Hotel joint venture by 20%, for a total cost of US$4 million. At the date of this report, the transfer of the stake had not yet been completed.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Environmental Regulation

The Consolidated Entity's operations are not subject to any particular and significant environmental regulation under the law of the Commonwealth and States.

Meetings of Directors

During the financial year, Donaco International Limited held 13 meetings of the Board of Directors. The attendance of the Directors at meetings of the Board and its Committees during the financial year were:

	Board Meetings		Audit and Risk Management Committee Meetings		Nominations, Remuneration and Corporate Governance Committee Meetings	
Name	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
S J McGregor	13	13	-	-	-	-
J Lim	4	3	-	-	-	-
B Reichel	13	13	-	-	-	-
G Tan	13	13	-	-	-	-
S Mak	4	4	-	-	-	-
B Lim	4	4	-	-	-	-

The Audit and Risk Management Committee and the Nominations, Remuneration & Corporate Governance Committee did not meet during the financial year. All relevant matters were discussed as part of the regular meetings of the Board.

Directors' Interests in Securities

The relevant interest of each director in securities of the Company at the date of this report is as follows:

Name	Fully Paid Ordinary Shares	DNAO Options [4]	Other Options [5]	Total
S J McGregor	126,816	63,408	-	190,224
J Lim [1]	235,266,345	-	-	235,266,345
B P Reichel	122,204	61,102	-	183,306
G N Tan [3]	648,750	511,875	812,500	1,973,125
Mak S W	-	-	-	-
B Lim [2]	202,826,200	-	-	202,826,200

1 These shares are held directly by Mr J Lim and indirectly by Covent Fine Limited (98,713,818 shares) and Slim Twinkle Limited (104,112,382 shares), of which Mr J Lim is a director and beneficial owner.

2 These shares are held indirectly by Covent Fine Limited (98,713,818 shares) and Slim Twinkle Limited (104,112,382 shares), of which Mr J Lim is a director and beneficial owner.

3 Mr Tan resigned on 6 September 2013. Certain shares held directly by Mr Tan (via a private nominee company); other shares and all options held by Main Ace Investment Limited, a company of which Mr Tan is a director.

4 Represents listed options (DNAO) with an exercise price of $0.30 exercisable at any time up to 29 January 2015.

5 Represents options that have fully vested and unexpired as at the date of this report:
- 562,500 options with an exercise price of $0.56 exercisable any time up to 17 January 2015
- 125,000 options with an exercise price of $0.56 exercisable any time up to 1 March 2015
- 125,000 options with an exercise price of $0.56 exercisable any time up to 17 May 2015

Options Granted Over Ordinary Shares

During the year ended 30 June 2012, the Company issued a total of 16,250,000 unlisted options over shares in the Company to Main Ace Investment Limited as part of a capital raising. The options had an exercise price of 2.8 cents, and were issued in three tranches, on 17 January 2012 (11,250,000 options), 1 March 2012 (2,500,000 options), and 17 May 2012 (2,500,000 options). On 8 January 2013, these options were consolidated on a 20 for 1 basis to 812,500 options as part of the Company's corporate restructure. At the date of this report, there were 812,500 unlisted options on issue over unissued ordinary shares. The options have an exercise price of $0.56 each, and expire three years after their date of issue.

On 29 January 2013, as part of the Company's corporate restructure, the Company issued 7,131,957 bonus options over shares in the Company for nil issue price, with an exercise price of $0.30 per option and an expiry date of 29 January 2015. As at the date of this report, there were 7,057,082 bonus options over unissued ordinary shares on issue.

No amounts are unpaid on any of the shares. No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of the Company or any other body corporate.

Shares Issued on the Exercise of Options

The following ordinary shares of the Company were issued during the year ended 30 June 2013 on the exercise of the following options:

- 2008 Series B Options granted to employees under the Company's Employee Option Plan
- Bonus Options issued to all shareholders under the company's corporate restructure and acquisition

	Date Options Granted	Issue Price of Shares $	Number of Shares Issued
2008 Series B Options			
	1 April 2009	0.40	1,500
	1 May 2009	0.36	1,500
	1 June 2009	0.42	1,500
			4,500
Bonus Options	29 January 2013	0.30	74,875
			79,375

The Series B Options were issued in 2008 under the Company's Employee Option Plan. These options expired two years after each vesting date, with the last remaining options expiring on 1 June 2013.

The Bonus Options are fully vested and exercisable.

No further shares have been issued since 30 June 2013 as a result of the exercise of options.

Indemnity and Insurance Premiums

Pursuant to its Constitution, the Company indemnifies every current and former officer of the Company or its subsidiaries (to the extent permitted by law) against:

(a) liabilities incurred by that person, as an officer of the Company, to another person (other than the Company or its related bodies corporate); and

(b) liabilities for costs and expenses incurred by that person in defending any such proceedings, or in responding to actions taken by government agencies.

The Company has executed a Deed of Access and Indemnity in favour of each of its directors. The Deed grants an indemnity to directors and gives the directors the right of access to Board papers.

During the financial year the Company paid premiums for Directors' and Officers' Liability insurance in respect of Directors and executive officers of the Company and its subsidiaries as permitted by the Corporations Act 2001. Details of the premium paid are confidential under the contract of insurance.

Proceedings on Behalf of Listed Entity and/or Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the Listed Entity and/or Consolidated Entity or intervene in any proceedings to which the Listed Entity and/or Consolidated Entity is party for the purpose of taking responsibility on behalf of the Listed Entity and/or Consolidated Entity for all of any part of those proceedings. The Listed Entity and/or Consolidated Entity was not a party to any such proceedings during the year.

Non-audit Services

The Consolidated Entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants as set by the Accounting Professional and Ethical Standards Board.

For the twelve months ending 30 June 2013, the following fees were paid or payable for non-audit services provided by the auditor of Donaco International Limited:

	2013 $	2012 $
Taxation services	18,167	13,000
Acquisition due diligence services		
William Buck	18,500	0
Other Firms	58,875	0

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2013 in accordance with section 307C of the Corporations Act has been received and can be found on page 26.

On 28 May 2013, the Board resolved to extend the lead auditor's appointment for a further 12 months beyond the initial five successive years, in accordance with section 324DAA of the Corporations Act 2001 (Cth). The initial five year period was due to elapse on 30 June 2013. A copy of the resolution and the required Form 397 were lodged with ASIC on 5 June 2013.

REMUNERATION REPORT - AUDITED

This report details the Board's policy for determining the nature and amount of remuneration of directors and executives (including secretaries and senior managers) of the Company. The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act.

Remuneration Governance

The Board has an established Nominations, Remuneration and Corporate Governance Committee, consisting of a majority of independent non-executive directors. It is primarily responsible for setting the overall remuneration policy and guidelines for the Company, and its functions include:

- reviewing and recommending to the Board for approval, the Company's general approach towards remuneration, and to oversee the development and implementation of remuneration programs;

- reviewing and recommending to the Board for approval, corporate goals and objectives relevant to the remuneration of the chief executive officer, and evaluating the performance of the chief executive officer in light of those goals and objectives;

- reviewing and recommending to the Board for approval, remuneration programs applicable to the Company executives, and ensure that these programs differ from the structure of remuneration for non-executive directors; and

- reviewing the remuneration of non-executive directors, and ensuring that the structure of non-executive directors' remuneration is clearly distinguished from that of executives by ensuring that non-executive directors are remunerated by way of fees, do not participate in schemes designed for the remuneration of executives, do not receive options or bonus payments, and are not provided with retirement benefits other than statutory superannuation.

All remuneration paid to directors and executives is valued at cost to the Company and expensed.

The Committee seeks guidance from professional external remuneration consultants when required. Whilst the Committee did not meet during the year, the Board of Directors has taken on this responsibility as required.

During the year, the Board received a remuneration recommendation (as defined in the Corporations Act) from Egan Associates Pty Limited, in relation to key management personnel remuneration arrangements. The amount paid for the recommendation was $10,000 including GST. Egan Associates also provided other services, consisting of market benchmarking, for a fee of $8,480 including GST. To ensure that there was no undue influence by the key management personnel to whom the advice related, the advice was provided to the non-executive Directors of the Company. The remuneration consultant also stated that there was no such undue influence, and the Board is satisfied that is the case.

Non-executive Director Remuneration Policy

The Company's non-executive directors receive director's fees at a market level designed to remunerate them for their time, commitment and responsibilities, including their participation in Board Committees. The non-executive director fees in aggregate are within the $450,000 limit for director's fees (inclusive of superannuation) approved by the Company's shareholders at the 2004 Annual General Meeting. There are no bonuses payable to non-executive directors, and there are no termination payments for non-executive directors on retirement from office, other than statutory superannuation entitlements. Non-executive directors are not granted options.

Executive Remuneration Policy and Framework

The Company's remuneration policy is to ensure that executive remuneration packages properly reflect a person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating executives of the highest calibre. As a result, remuneration packages for the managing director/chief executive officer and senior executives include both fixed and performance-based remuneration. Base salary is determined by considering the scope of the executive's responsibility, importance to the business, competitiveness in the market, and assessed potential. The total remuneration package for executives includes superannuation and other non-cash benefits to reflect the total employment cost to the Company, inclusive of any fringe benefits tax.

Employees may be offered participation in Donaco International Limited's Option Plan. This plan aims to assist in retention of employees, and to provide a direct link between the individual's remuneration and the long term performance of the Company.

The remuneration of the managing director/chief executive officer is reviewed by the Board, acting on the advice of the Nominations, Remuneration and Corporate Governance Committee. The remuneration of senior executives is reviewed by the chief executive officer and by the Board.

Performance-based Remuneration

Performance-based remuneration consists of grants of options under the Company's Option Plan, and the payment of cash bonuses. Cash and share-based bonuses, as detailed in the tables of this report, can be payable if key performance indicators (KPIs) are met. In relation to the MD/CEO, the relevant KPIs were based on the 41% increase in revenue and net profit (after non-recurring items) for the financial year, compared to the previous financial year. In addition, the MD/CEO successfully completed the listing of the Parent Entity on the ASX, and successfully attracted significant additional funding ($25 million) into the Company, in order to complete the construction of the new Lao Cai International Hotel.

No remuneration options were issued during the year ended 30 June 2013. The values of options issued to executives during prior financial years, and the terms and conditions applicable to them, are disclosed in the "Details of Share Based Compensation and Bonuses" section of this report (refer page 24).

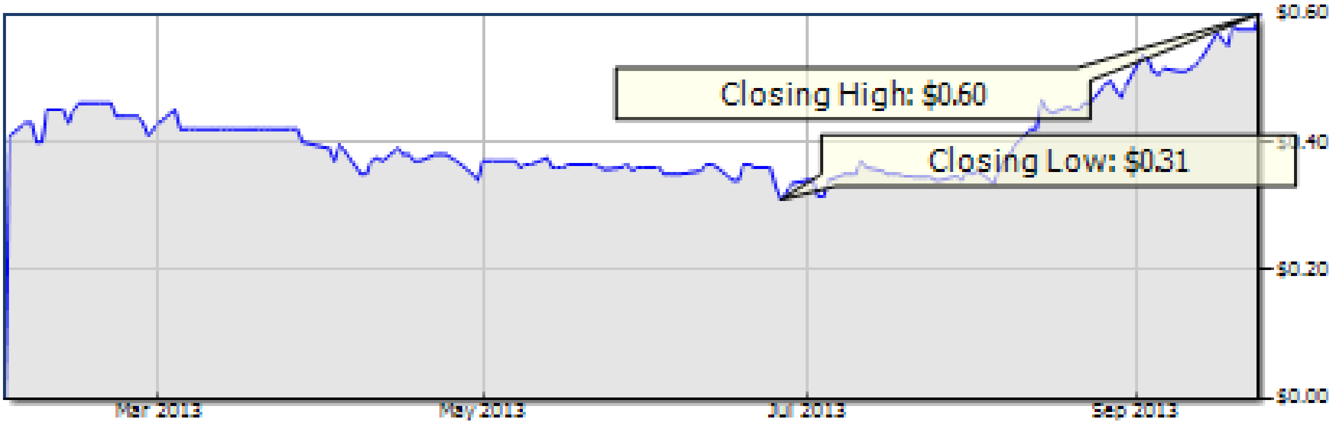
Relationship Between Remuneration Policy and Company Performance

The following table shows key performance indicators for the Consolidated Entity over the last two years. Note that FY12 comparatives are to the Parent Entity, consistent with the financial information disclosed in this report. Information relating to previous financial years has not been included as it is not directly comparable, due to the reverse acquisition as detailed in the financial report, and the fact that the Parent Entity changed its financial year end from 30 December to 30 June in FY13.

	2013	2012	% Change
Revenue ($)	18,668,645	12,097,418	54%
Net Profit After Tax ($)	7,026,196	5,000,327	41%
Basic Earnings per share ($)	0.026	1,666.78	n/a[1]
Dividends paid per share ($)	Nil	Nil	Nil

1 EPS is not directly comparable due to the increase in the number of shares for the Consolidated Entity from 3,000 in FY12, to 277,827,871 (weighted average number of shares on issue) in FY13.

The following graph shows the change in the Consolidated Entity's share price since listing on the ASX on 1 February 2013.



The general improvement in the Company's performance since listing has been reflected in the Company's share price. The Board is of the opinion that these results can be attributed, in part, to the remuneration policy and framework discussed above, and is satisfied with the upwards trend in shareholder wealth.

The Board considers that the remuneration policies adopted have been successful in attracting, retaining and motivating talented staff who are required to manage and operate the Company as a listed public entity.

Directors and Key Management Personnel Disclosed in this Report

As required by Australian Accounting Standard AASB3: Business Combinations, Donaco International Limited (the Listed Entity) is deemed to have been acquired by Donaco Singapore Pte Ltd (the Parent Entity) as at 1 February 2013, under the reverse acquisition rules. The remuneration report discloses the remuneration paid by both the Parent Entity and the Listed Entity to its directors and key executives for the periods ending on 30 June 2013 and, for historical comparative purposes, 30 June 2012.

Directors of Parent Entity (Donaco Singapore Pte Ltd):

Joey Lim Keong Yew	Managing Director
Ang Teck Foo	Non-executive Director
Benjamin Lim Keong Hoe	Non-executive Director
Mak Siew Wei	Non-executive Director
Goh Kwey Biaw	Non-executive Director (appointed 25 April 2013)
Ong Chong Hock	Non-executive Director (resigned 25 April 2013)

From the above group, Messrs J Lim, B Lim and Mak S W were appointed as directors of the Listed Entity on 1 February 2013.

Directors of Listed Entity (Donaco International Limited):

S J McGregor	Non-executive Director (Chair)
J Lim	Managing Director and CEO (appointed 1 February 2013)
B P Reichel	Non-executive Director
B Lim	Non-executive Director (appointed 1 February 2013)
G N Tan	Non-executive Director
Mak S W	Non-executive Director (appointed 1 February 2013)

Key Management Personnel

The following Key Management Personnel of the Parent Entity continued as Key Management Personnel of the Listed Entity:

R Na	Chief Financial Officer (from 1 March 2013)
Goh K B	Deputy CFO and CEO Donaco Singapore

In addition, the following Key Management Personnel of the Listed Entity continued in office:

F R Magrini	Chief Technology Officer

Changes in Key Management Personnel since the End of the Reporting Period

Since 30 June 2013, the following changes have occurred:
Mr B P Reichel was appointed as an Executive Director on 1 July 2013.
Mr G N Tan resigned as a Director on 6 September 2013.

Details of Remuneration

The following tables show details of the remuneration received by directors and other key management personnel of the Consolidated Entity for the current and previous financial year.

Details of Remuneration (continued)

2013			Short term employee benefit			Post employment benefits	Long term benefits	Other Benefits	Share based payments		Total	Remuneration %	
	Appointed	Resigned	Salary & Fees 1	Bonus	Non-monetary Benefits	Super	Long Service Leave 2	Termination	Options	Shares		Performance based	Consists of options
			$	$	$	$	$	$	$	$	$	%	%
Parent Entity													
- Donaco Singapore Pte Ltd													
Executive Directors													
Joey Lim Keong Yew	14/06/2002		27,638	-	-	-	-	-	-	-	27,638	-	-
			27,638	-	-	-	-	-	-	-	27,638		
Non-executive Directors													
Ang Teck Foo	13/11/1991		-	-	-	-	-	-	-	-	-	-	-
Benjamin Lim Keong Hoe	15/01/2009		13,819	-	-	-	-	-	-	-	13,819	-	-
Mak Siew Wei	27/08/2012		9,562	-	-	-	-	-	-	-	9,562	-	-
Goh Kwey Biaw	25/04/2013		6,990	-	-	-	-	-	-	-	6,990	-	-
Ong Chong Hock	25/05/2001	25/04/2013	-	-	-	-	-	-	-	-	-	-	-
			30,371	-	-	-	-	-	-	-	30,371		
Parent Entity Total			58,009	-	-	-	-	-	-	-	58,009		
Listed Entity													
- Donaco International Limited													
Executive Directors													
Joey Lim Keong Yew	1/02/2013		97,360	38,944	-	-	-	-	-	-	136,304	29%	-
			97,360	38,944	-	-	-	-	-	-	136,304		
Non-executive Directors													
Stuart James McGregor	19/11/2004		99,000	-	-	8,910	-	-	-	-	107,910	-	-
Benedict Paul Reichel	20/07/2007		66,000	-	-	5,940	-	-	-	-	71,940	-	-
Benjamin Lim Keong Hoe	1/02/2013		48,680	-	-	-	-	-	-	-	48,680	-	-
Gerald Nicholas Tan Eng Hoe	4/10/2011		54,000	-	-	-	-	-	-	-	54,000	-	-
Mak Siew Wei	1/02/2013		48,375	-	-	-	-	-	-	-	48,375	-	-
			316,055	-	-	14,850	-	-	-	-	330,905		
KMP													
Richard Na Chun Wee	1/03/2013		46,733	23,366	-	-	-	-	-	-	70,099	33%	-
Goh Kwey Biaw	25/04/2013		34,952	13,981	-	-	-	-	-	-	48,933	29%	-
Fabian R Magrini	17/10/2005		161,927	5,640	-	14,932	2,699	-	-	-	185,198	3%	-
			243,612	42,987	-	14,932	2,699	-	-	-	304,230		
Listed Entity Total			657,027	81,931	-	29,782	2,699	-	-	-	771,439		

1. Non executive and executive directors remuneration represents fees in connection attending Board Meetings and Board Committee meetings
2. LSL expensed in the current period.

Details of Remuneration (continued)

2012	Appointed	Resigned	Short term employee benefit Salary & Fees 1 $	Bonus $	Non-monetary Benefits 2,3,4 $	Post employment benefits Super 5 $	Long term benefits Long Service Leave $	Other Benefits Termination 6 $	Share based payments Options $	Shares $	Total $	Remuneration % Performance based %	Consists of options %
Parent Entity													
- Donaco Singapore Pte Ltd													
Executive Directors													
Joey Lim Keong Yew	14/06/2002		-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-		
Non-executive Directors													
Ang Teck Foo	13/11/1991		-	-	-	-	-	-	-	-	-	-	-
Benjamin Lim Keong Hoe	15/01/2009		3,788	-	-	-	-	-	-	-	3,788	-	-
Ong Chong Hock	25/05/2001	25/04/2013	3,788	-	-	-	-	-	-	-	3,788	-	-
			7,577	-	-	-	-	-	-	-	7,577		
Parent Entity Total			7,577	-	-	-	-	-	-	-	7,577		
Listed Entity													
- Two Way Ltd													
Non-executive Directors													
Stuart James McGregor	19/11/2004		49,720	-	-	58,190	-	-	-	-	107,910	-	-
Benedict Paul Reichel	20/07/2007		182,556	17,500	788	15,385	-	180,161	-	17,500	413,890	8.5%	-
Christopher R Grant-Foster	20/07/2007	31/01/2012	31,500	-	-	2,835	-	-	-	-	34,335	-	-
Gerald Nicholas Tan Eng Hoe	4/10/2011		40,500	-	-	-	-	-	-	-	40,500	-	-
			304,276	17,500	788	76,410	-	180,161	-	17,500	596,635		
KMP													
Christopher R Grant-Foster	31/01/2012	19/07/2012	77,692	-	-	9,685	-	-	-	-	87,377	-	-
Rointon G Nugara	13/01/2005	1/03/2013	148,180	-	-	13,336	-	-	-	-	161,516	-	-
Grant J Kean	4/09/2000	14/04/2013	133,998	10,000	23,750	15,097	-	-	-	-	182,845	5.5%	-
Fabian R Magrini	17/10/2005		165,277	-	650	14,932	-	-	-	-	180,859	-	-
			525,147	10,000	24,400	53,050	-	-	-	-	612,597		
Listed Entity Total			829,423	27,500	25,188	129,460	-	180,161	-	17,500	1,209,232		

1. Non executive directors remuneration represents fees in connection attending Board Meetings and Board Committee meetings
2. Salary Sacrificing Arrangement - Mr Reichel - Apple iPhone
3. Salary Sacrificing Arrangement - Mr Kean - Motor Vehicle fully serviced
4. Salary Sacrificing Arrangement - Mr Magrini - Laptop
5. Salary Sacrificing Arrangement - Mr McGregor - Superannuation salary sacrifice
6. Termination Mr Reichel as Managing Director on 31 January 2012. Remained on Board as non executive director from 1 Feb 2012.

Details of Share Based Compensation and Bonuses

(a) Options Granted as Compensation

There were no options granted as compensation for the financial years ended 30 June 2013 and 30 June 2012.

The 2008 Series B options granted as remuneration to the key management personnel of the Consolidated Entity under the Company's Employee Share Plan were granted progressively over the 2009 financial year, commencing from 1 July 2008. The options vested two years after each grant date and expired progressively throughout the 2013 financial year, commencing 1 July 2012 with the last expiry date being 1 June 2013. Each option was convertible to one ordinary share of the Company. The fair value of the options granted was calculated by valuing the options as at their grant date and allocating the value equally over the period from the grant date to vesting date. The value per option at grant date was calculated as the volume weighted average (VWAP) price for shares in the Company traded on the ASX in the 30 day period prior to grant date. The exercise price was equal to the value per option at grant date.

There were no service and performance criteria to be met in determining the vesting of remuneration options, however the options expired 12 months after termination of employment if not exercised during that period.

The table below shows the percentages of the options granted to directors and key management personnel that vested and were forfeited during the 30 June 2013 year.

Name	Financial Year of Grant	Financial Year Vested	Number of Options Granted	Percentage of Options Vested During the Year	Number of Options Forfeited During the Year	Value at Date of Forfeiture	% Forfeited
B P Reichel	2009	2011	-	-	-	-	-
F Magrini	2009	2011	-	-	-	-	-

(b) Shares Provided on Exercise of Remuneration Options

Details of ordinary shares in Donaco International Limited provided as a result of the exercise of remuneration options to each director of the Company and other key management personnel of the Consolidated Entity are set out below.

Name	Date of Exercise of Options	Number of Ordinary Shares Issued on Exercise of Options During The Financial Year	Value at Exercise Date *
Directors of the Company			
B P Reichel	15 January 2013	4,500	

***** The exercise price of options is based on the volume weighted average (VWAP) price for shares in the Company traded on the ASX in the 30 day period prior to grant date. The value at the exercise date of options that were granted as part of remuneration and were exercised during the year has been determined as the intrinsic value of the options at that date.

The amounts paid per ordinary share by each director and other key management personnel on the exercise of the options at the date of exercise were as follows:

Exercise Date	Amount Paid per Share
15 January 2013	1500 shares at $0.40; 1500 shares at $0.36; 1500 shares at $0.42

No amounts are unpaid on any shares issued on the exercise of options.

(c) Bonuses

Cash bonuses were awarded as part of the employment contracts. The key management personnel noted below were deemed to have satisfied some or all of the prerequisites, being specified KPI measures, for the receipt of their awards.

Name	Payment Date	Bonus Value $	Percentage Paid During the Financial Year	Percentage Forfeited During the Financial Year	Percentage Remaining as Unvested
Joey Lim Keong Yew	30/7/2013	$38,944	100%	N/A	N/A
Richard Na	30/7/2013	$23,366	100%	N/A	N/A
Goh Kwey Biaw	30/7/2013	$13,981	100%	N/A	N/A
Fabian Magrini	31/1/2013	$3,000	100%	N/A	N/A
Fabian Magrini	30/6/2013	$2,640	100%	N/A	N/A

Employment Contracts of Directors and Senior Executives

Remuneration and other terms of employment for the Managing Director, Chief Financial Officer and the other key management personnel are formalised in contracts of employment. The service agreements specify the components of remuneration, benefits and notice periods. The specified executives are employed under contracts with no fixed term. The Company may terminate the contracts immediately if the executive is guilty of serious misconduct or wilful neglect of duties. Otherwise, the Company may terminate the contracts by giving three months' notice or paying three months' salary. In the case of the MD and CFO, termination for any reason other than just cause will result in a termination payment of 24 months' base salary.

Share Trading Policy

The trading of shares issued to participants under any of the Company's employee equity plans is subject to, and conditional upon, compliance with the company's employee share trading policy, which is available from the Company's website.

END OF AUDITED REMUNERATION REPORT

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Mr. S. McGregor
Chairman

Sydney
27th September 2013

AUDITORS INDEPENDENCE DECLARATION

FOR THE YEAR ENDED 30 JUNE 2013

William Buck

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 year ended 30 June 2013 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, 27 September 2013

Sydney
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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Revenue	4	15,671,759	11,121,439
Other income	5	2,996,886	975,979
Expenses			
Cost of sales		(1,020,377)	(551,468)
Depreciation and amortisation	6	(191,877)	(211,126)
Employee benefits expense	6	(3,355,096)	(1,508,941)
Legal and compliance		(244,638)	(186)
Marketing & promotions		(252,544)	(63,459)
Professional and consulting fees		(318,995)	(23,101)
Property costs		(441,327)	(277,737)
Telecommunications and hosting		(216,627)	(75,859)
Other expenses from ordinary activities		(916,338)	(457,823)
Profit before tax		11,710,826	8,927,718
Income tax expense	8	(2,667,590)	(2,254,206)
Profit for the year		9,043,236	6,673,508
Profit for the year is attributable to:			
Equity holders of Donaco International Limited		7,026,199	5,000,327
Non-controlling interests		2,017,037	1,673,181
Profit for the year		9,043,236	6,673,508
Other Comprehensive Income			
Items that may be reclassified to profit and loss (net of tax)			
Net movement of foreign currency translation reserve		1,241,177	(276,544)
Total Other Comprehensive Income		1,241,177	(276,544)
Total Comprehensive income for the year net of tax		10,284,413	6,396,964
Total Comprehensive Income for the year is attributable to:			
Equity holders of Donaco International Limited		8,267,376	4,723,783
Non-controlling interests		2,017,037	1,673,181
Total Comprehensive income for the year net of tax		10,284,413	6,396,964
Earnings per share			
Basic earnings per share (dollars per share)	10	0.026	1,667
Diluted earnings per share (dollars per share)	10	0.025	1,667

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 $	2012 $
Current Assets			
Cash and cash equivalents	11	29,404,205	10,356,152
Trade and other receivables	12	3,179,668	670,684
Inventories	13	225,210	109,940
Other current assets	14	12,463,304	4,455,439
Total Current Assets		45,272,387	15,592,215
Non-Current Assets			
Property, plant and equipment	15	1,552,965	1,073,600
Construction in progress	16	12,336,321	3,038,891
Intangible assets	17	9,796,836	0
Other non-current assets	14	215,455	224,470
Total Non-Current Assets		23,901,577	4,336,961
Total Assets		69,173,964	19,929,176
Current Liabilities			
Trade and other payables	18	11,447,235	8,818,170
Current tax liabilities	8	5,171,114	3,574,529
Provisions	19	457,146	120,697
Other current liabilities	20	63,043	0
Total Current Liabilities		17,138,538	12,513,396
Non-Current Liabilities			
Provisions	19	32,969	0
Total Non-Current Liabilities		32,969	0
Total Liabilities		17,171,507	12,513,396
Net Assets		52,002,457	7,415,780
Equity			
Contributed equity	21	34,692,937	1,619
Reserves	22	964,633	(276,544)
Retained earnings		12,745,584	5,707,548
Total equity attributable to equity holders of Donaco International Limited		48,403,154	5,432,623
Non-controlling Interests		3,599,303	1,983,157
Total Equity		52,002,457	7,415,780

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Contributed equity $	Reserves $	Retained Earnings $	Non-Controlling Interest $	Total $
2013					
Opening Balance at 1 July 2012	**1,619**	**(276,544)**	**5,707,548**	**1,983,157**	**7,415,780**
Profit for the year	0	0	7,026,199	2,017,037	9,043,236
Other comprehensive income	0	1,241,177	0	0	1,241,177
Total comprehensive income	0	1,241,177	7,026,199	2,017,037	10,284,413
Transactions with owners recognised directly in equity					
Shares issued during the year	36,873,208	0	0	0	36,873,208
Unissued shares	(401,184)	0	0	0	(401,184)
Employee share options issued	22,463	0	0	0	22,463
Employee share options lapsed	(11,837)	0	11,837	0	0
FX Reserve	0	0	0	333,597	333,597
Share issue expense	(1,791,332)	0	0	0	(1,791,332)
Dividends paid to NCI	0	0	0	(734,488)	(734,488)
	34,691,318	0	11,837	(400,891)	34,302,264
Balance at 30 June 2013	**34,692,937**	**964,633**	**12,745,584**	**3,599,303**	**52,002,457**

	Contributed equity $	Reserves $	Retained Earnings $	Non-Controlling Interest $	Total $
2012					
Opening Balance at 1 July 2011	1,619	0	707,221	1,023,900	1,732,740
Profit for the year	0	0	5,000,327	1,673,181	6,673,508
Other comprehensive income	0	(276,544)	0	0	(276,544)
Total comprehensive income	0	(276,544)	5,000,327	1,673,181	6,396,964
Transactions with owners recognised directly in equity					
FX Reserve	0	0	0	21,994	21,994
Dividends paid to NCI	0	0	0	(735,918)	(735,918)
	0	0	0	(713,924)	(713,924)
Balance at 30 June 2012	**1,619**	**(276,544)**	**5,707,548**	**1,983,157**	**7,415,780**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Cash Flows From Operating Activities			
Receipts from customers		28,432,419	19,139,269
Payments to suppliers and employees		(16,689,439)	(2,605,322)
Interest and other costs of finance paid		56,044	0
Government levies, gaming taxes and GST		(7,697,580)	(4,873,488)
Net operating cash flows	25(a)	4,101,444	11,660,459
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(9,626,742)	(7,091,309)
Proceeds from disposal of property, plant and equipment		45,682	0
Proceeds from disposal of investments		118,615	341,564
Cash and cash equivalents on acquisition of subsidiaries	24	1,188,298	0
Loans to related parties		0	(1,663,497)
Net investing cash flows		(8,274,147)	(8,413,242)
Cash flows from financing activities			
Proceeds from issue of shares		25,078,425	0
Payment of equity raising expenses		(1,865,770)	0
Loans from related parties		0	65,415
Dividends paid by controlled entities to non-controlling interests		(1,017,586)	(713,172)
Other		0	982
Net financing cash flows		22,195,069	(646,775)
Net increase in cash held		18,022,366	2,600,442
Effects of exchange rate changes on balances of cash held in foreign currencies		1,025,687	0
Cash and cash equivalents at beginning of financial year		10,356,152	7,755,710
Cash and cash equivalents at end of financial year	11	29,404,205	10,356,152

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Donaco International Limited is a company incorporated and domiciled in Australia and is a listed public company whose shares are publicly traded on the Australian Securities Exchange ("ASX"). On 19 December 2012, shareholders approved to change the Company's name from Two Way Limited to Donaco International Limited and the ASX code was subsequently changed from TTV to DNA.

Donaco International Limited is the legal parent of Donaco Singapore Pte Ltd. The consolidated financial statements are issued under the name of Donaco International Limited but are deemed to be a continuation of the legal subsidiary Donaco Singapore Pte Ltd (refer Note 1(b). The consolidated financial statements are for the Consolidated Entity consisting of Donaco International Limited and its subsidiaries and Donaco Singapore Pte Ltd and its subsidiaries, combined, as defined on page 13.

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 27th September 2013.

The principal accounting policies adopted in the preparation of these consolidated financial statements is set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis for Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) issued by the Australian Accounting Standards Board and the Corporations Act 2001. Donaco International Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are presented in Australian Dollars and have been prepared on an accruals basis and are based on historical costs.

(i) Compliance with IFRS

These consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and Amended Standards Adopted by the Consolidated Entity

There are a number of new and amended accounting standards issued by the AASB which are applicable for reporting periods beginning on 1 July 2012. The Consolidated Entity has adopted all the mandatory new and amended accounting standards issued that are relevant to its operations and effective for the current reporting period. None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods. However, amendments made to AASB 101: Presentation of Financial Statements effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

(iii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(b) Principles of Consolidation

On 1 February 2013 Donaco International Limited acquired all of the issued shares of Donaco Singapore Pte Ltd, resulting in Donaco Singapore Pte Ltd becoming a wholly owned subsidiary of Donaco International Limited. The acquisition resulted in the original shareholders of Donaco Singapore Pte Ltd holding a majority share in Donaco International Limited (formerly known as Two Way Limited). Pursuant to Australian Accounting Standard AASB 3: Business Combinations, this transaction represents a reverse acquisition with the result that Donaco Singapore Pte Ltd was identified as the acquirer, for accounting purposes, of Donaco International Limited (the "acquiree" and "legal parent"). Accordingly, the consolidated financial statements reflect a full year of Donaco Singapore Pte Ltd plus Donaco International Limited and its subsidiaries from 1 February 2013 to 30 June 2013. The comparative information reflects Donaco Singapore Pte Ltd and its subsidiaries only.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsidiaries are all entities (including special purpose entities) over which the Consolidated Entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date control ceases. The acquisition method of accounting is used to account for business combinations by the Consolidated Entity (refer to Note 1(g).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position, respectively.

A list of controlled entities is contained in Note 23.

(c) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which that entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs where relevant. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

(iii) Consolidated Entity Companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities in the statement of financial position are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Revenue

Revenues are recognised at the fair value of the consideration received or receivable, net of goods and services tax, appropriate to the country of recognition (GST, EST and VAT). Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

The Consolidated Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Consolidated Entity's activities as described below. The Consolidated Entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Casino Revenue

Revenue at the playing tables is recognised upon the differences between chips at the closing and chips at the opening of each table plus chips transferred from the playing table to the cage, less chips transferred from the cage to the playing table.

Revenue from slot machines represents the amount received over the exchange counter less the amount returned to customers.

(ii) Sale of Goods

The revenue from the sale of goods is recognised when the risk and rewards of ownership of the goods is transferred to the customer, which generally coincides with delivery and acceptance of the goods sold

(iii) Rendering of Services

Revenue from the provision of services is recognised in the accounting period in which the services are rendered.

(iv) Interest Income

Interest revenue is recognised on a proportional basis using the effective interest method.

(v) Dividend Income

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence (refer to Note 1(h).

(e) Income Tax

Income tax expense is comprised of current and deferred tax expense. The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes to tax payable in respect of previous years and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Donaco International Limited and its Australian subsidiaries have not formed a consolidated group for income tax purposes.

(f) Leases

Where substantially all the risks and benefits remain with the lessor, payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(g) Business Combinations

For every business combination the Consolidated Entity identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control the Consolidated Entity takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Non-controlling interests

On an acquisition-by-acquisition basis, the Consolidated Entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Measuring goodwill

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Deferred settlement

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(h) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in the profit or loss.

(i) Cash and Cash Equivalents

Cash on hand and in banks and short term deposits are carried at face value of the amounts deposited or drawn.

For the purpose of the statement of cash flows, cash includes cash on hand and in banks, short term deposits and money market investments readily convertible to cash within three months and not subject to significant changes in value, net of bank overdraft.

(j) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Discounting is omitted where the effect of discounting is considered immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(k) Inventories

Inventories include consumable stores, food and beverages and are carried at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and comprises all costs of purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised in the statement of profit or loss and other comprehensive income, in the period in which the reversal occurs.

(l) Investments and Other Financial Assets

The Consolidated Entity classifies its financial assets in the following categories:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition, and re-evaluates this designation at each reporting date where appropriate.

As at the end of the reporting period, the Consolidated Entity has no financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets and has not entered into any significant derivative contracts.

An assessment of whether a financial asset or group of financial assets is impaired is made at least at the end of each reporting period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets unless they have maturities greater than 12 months after the reporting period in which case they are classified as non-current assets. Loans and receivables are included in trade and receivables in the statement of financial position.

(ii) Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date, being the date on which the Consolidated Entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition the Consolidated Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. After initial recognition financial assets are measured as follows:

- Loans and receivables
  Measured at amortised cost using the effective interest method, less provision for impairment. The translation differences related to changes in the amortised cost of loans and receivables denominated in a foreign currency are recognised in profit or loss.

  Loans and receivables are considered for impairment when they are past due or when objective evidence is received that a specific counterparty will default. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. Impairment testing of trade receivables is described in Note 1(j).

(m) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation, amortisation and impairment losses and depreciated over periods deemed appropriate to reduce carrying values to estimated residual values over their estimated useful lives. Cost includes expenditure that is directly attributable to the acquisition of the asset and costs of bringing the asset to working condition for its intended use and the cost of dismantling and removing items and restoring the site. The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Depreciation is calculated using the straight line method commencing from the time the asset is held ready for use. Land is not depreciated. The principal useful lives over which the assets are depreciated are as follows:

Buildings and structures	25 years
Machinery and equipment	3 to 10 years
Motor vehicles	6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(h)).

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Intangible Assets

(i) Goodwill

Goodwill is measured as described in Note 1(g). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to the Consolidated Entity's cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which goodwill arose and represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment.

(o) Trade Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within normal trading terms, being 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Employee Benefits

Provision is made for the Consolidated Entity's liability for employee benefits from services rendered by employees up to the end of the reporting period. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

(i) Short-term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other Long-term Obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement Benefit Obligations

All employees of the Consolidated Entity can direct the Consolidated Entity to make contributions to a defined contribution plan of their choice or the Consolidated Entity makes contributions to a defined contribution plan as required by the law of countries where the company's subsidiaries operate. Contributions are charged against the profit or loss in the period to which they relate.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Share Based Payments

Share-based compensation benefits are provided to employees via Donaco International Limited's option plan. The fair value of options granted under Donaco International Limited's option plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

When the options are exercised, the Donaco International Limited transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

(v) Profit Sharing and Bonus Plans

The Consolidated Entity recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Consolidated Entity recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Consolidated Entity recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(q) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Goods and Services Tax and overseas equivalent

Revenues, expenses and assets are recognised net of the amount of GST (and overseas equivalent where applicable), except where the amount of GST incurred is not recoverable from the taxation authorities. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Earnings Per Share

The Consolidated Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(t) Parent Entity Information

The financial information for the parent entity, Donaco International Limited, the legal parent, as disclosed in Note 32, has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in Subsidiaries

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Donaco International Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative figures for the 2012 financial year represent Donaco Singapore Pte Ltd, the deemed parent. Pursuant to Australian Accounting Standard AASB 3: Business Combinations, under a reverse acquisition, Donaco Singapore Pte Ltd was identified as the acquirer, for accounting purposes, of Donaco International Limited (the "acquiree" and "legal parent").

(v) New Standards and Interpretations Not Yet Adopted

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They are available for early adoption at 30 June 2013 but have not been applied in preparing this financial report. A discussion of the future requirements and their impact on the Consolidated Entity are outlined below.

Title	Key Requirements	Effective Date *
AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9,* AASB 2010-7 *Amendments toAustralian Accounting Standards arising from AASB 9 (December 2010),* AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures.*	These standards are applicable retrospectively and amend the classification and measurement of financial assets. The changes also incorporate the classification and measurement requirements for financial liabilities, and the recognition and derecognition requirements for financial instruments. This standard is not expected to significantly impact the Consolidated Entity's financial statements.	1 January 2015
AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* Subsequent RDR standards are: AASB 2011-2 re Trans-Tasman Convergence Project AASB 2011-6 Extension of relief from consolidation, equity method and proportionate consolidation AASB 2011-11 re AASB 119R AASB 2012-1 re AASB 13 AASB 2012-7 re AASB 12 and revised AASB 7 AASB 2012-11 re extension of relief from consolidation and equity accounting in AASB 10 and AASB 128 and other amendments.	AASB 1053 introduces a revised two-tier differential reporting regime: • Tier 1 are the Australian Accounting Standards as currently applied • Tier 2 is the reduced disclosure regime which retains the recognition and measurement requirements of Australian Accounting Standards but with reduced disclosure requirements. For-profit private sector entities that are publicly accountable and all Federal, state, territory and local governments must report under tier 1. For-profit private sector entities that are not publicly accountable, not-for-profit entities in the private sector and public sector entities other than those mentioned above can adopt the tier 2 requirements (unless the relevant regulator requires compliance with tier 1). AASB 2011-2 attempts to align Australian and New Zealand accounting standards. The amendments have been made to the following standards: AASB 101 *Presentation of Financial Statements; and* AASB 1054 *Australian Additional Disclosures.* AASB 2011-6 and AASB 2012-11 extend the relief for intermediate parent entities from consolidation, equity accounting and proportionate consolidation to parent entities that report under tier 2, where the parent higher up the group is reporting either under tier 1 or tier 2. The reporting entity concept is not affected by these standards. The standards focus on reduced disclosures for non-publically accountability for-profit entities. It is expected there will be no measurement impact on the Consolidated Entity's financial statements when these standards are adopted.	1 July 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title	Key Requirements	Effective Date *
AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*	Removes the individual key management personnel disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. These amendments cannot be adopted early. This standard is not expected to significantly impact the Consolidated Entity's financial statements.	1 July 2013
AASB 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities, revised* AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* AASB 2012-10 Amendments to A Australian Accounting Standards - Transition Guidance and Other Amendments	AASB 10 supersedes AASB 127 and provides a revised definition of control. It establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004 as amended) AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint venturers" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). AASB 12 provides the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. As such, it consolidates and replaces disclosure requirements contained in many existing Standards. AASB 2012-10 has deferred the mandatory application date for not-for-profit entities to 1 January 2014. These standards are not expected to significantly impact the Consolidated Entity's financial statements.	1 January 2013
AASB 13 *Fair Value Measurement* and AASB 2011- 8 *Amendments to Australian Accounting Standards arising from AASB 13*	AASB 13 defines fair value, sets out in a single standard a framework for measuring fair value, and requires disclosures about fair value measurements. The standard requires inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy and enhanced disclosures regarding all assets and liabilities measured at fair value. This standard is not expected to significantly impact the Consolidated Entity's financial statements.	1 January 2013
Revised AASB 119 *Employee Benefits,* AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*	AASB 119: Employee Benefits (September 2011) includes changes to require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits as appropriate. This standard is not expected to significantly impact the Consolidated Entity's financial statements.	1 January 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title	Key Requirements	Effective Date *
AASB 2012-3 Offsetting Financial Assets and Financial Liabilities	The amendments do not change the current offsetting rules in AASB 132, but they clarify that the right of set-off must be available today (ie not contingent on a future event) and must be legally enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy.	1 Jan 2014
AASB 2012-2 Disclosures – Offsetting Financial Assets and Financial Liabilities	There are more extensive disclosures which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements, irrespective of whether they are offset. These disclosures must also be provided in the first interim report when the new rules first apply. These changes are not expected to have a significant, if any, financial impact.	1 Jan 2013
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011Cycle	The annual improvements project makes minor but necessary annual amendments to Australian Accounting Standards. Amendments made in the 2009-2011 Cycle are: • AASB 1 – clarifies that an entity may apply AASB 1 more than once under certain circumstances and that an entity can choose to adopt AASB 123 Borrowing Costs either from its date of transition or from an earlier date. • AASB 101 – clarifies the disclosure requirements for comparative information when an entity provides a third balance either because it has applied an accounting policy retrospectively, restated items retrospectively or reclassified items in its financial statements or does so voluntarily. • AASB 116 – clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment • AASB 132 – clarifies the treatment of income tax relating to distributions and transaction costs • AASB 134 – clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. These changes are not expected to have a significant, if any, financial impact.	1 January 2013
AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments	The resulting standard amends 25 standards and one interpretation and is effective in annual periods beginning on or after 1 January 2013, in line with the effective dates of AASB 10, 11 and 12. Optional for June 2013 year ends. When implemented, these changes are not expected to have a significant, if any, financial impact.	1 January 2013
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	Optional for June 2013 year ends. When implemented, these changes are not expected to have a significant, if any, financial impact.	1 January 2014

All other new standards and interpretation do not apply to the Consolidated Entity.

**applicable to reporting periods commencing on or after the given date.*

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors considered to be relevant. Although the estimates and judgements are believed to be reasonable under the circumstances, actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated Impairment of Goodwill

The Consolidated Entity tests annually whether goodwill has suffered any impairment, in accordance with the Consolidated Entity's accounting policy stated in Note 1(n). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations and use discounted cash flow model calculations. These calculations require the use of assumptions. Refer to Note 17 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Determining fair values of assets acquired in respect of business combinations

In determining the fair value of assets acquired in a business combination, the Consolidated Entity has utilised valuation specialists and internal forecast modelling. The CODM has determined that the carrying value of assets acquired are at their fair values.

NOTE 3: SEGMENT INFORMATION

(a) Identification of Reportable Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The operating segments reflect the business level at which financial information is provided to the CODM for decision making regarding resource allocation and performance assessment. The Consolidated Entity has two reportable segments:

Casino Operations	Comprises the Lao Cai International Hotel operations, including hotel accommodation, gaming and leisure facilities, operated in Vietnam.
Gaming Technology Operations	Comprises the operation and development of gaming technology, including mobile payment gateways and interactive media and gambling applications for deployment on television, mobile and internet.

The Group is domiciled in Australia and operates predominantly in four countries: Australia, Vietnam, Singapore and Malaysia.

Accounting Policies

The accounting policies used by the consolidated entity in reporting segments internally are the same as those described in Note 1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3: SEGMENT INFORMATION (CONTINUED)

(b) Reportable Segments

The segment information provided to the CODM for the reportable segments for the year ended 30 June 2013 is as follows:

30 JUNE 2013	Casino Operations	Gaming Technology Operations	Total
	$	$	$
Total Segment Revenues	16,727,703	1,940,942	18,668,645
Inter-segment Revenue	0	0	0
Revenue from External Customers	16,727,703	1,940,942	18,668,645
Segment Result before tax and NCI	11,311,838	398,988	11,710,826
EBITDA (i)	7,740,836	(529,272)	7,211,564
Depreciation & Amortisation	186,414	5,463	191,877
EBIT (ii)	7,554,422	(534,735)	7,019,687
Capital Expenditure (iii)	12,336,321	0	12,336,321
Segment Assets (iii)	52,571,603	16,602,361	69,173,964
Segment Liabilities (iii)	15,500,513	1,670,994	17,171,507

30 JUNE 2012	Casino Operations	Gaming Technology Operations	Total
	$	$	$
Total Segment Revenues	12,097,418	0	12,097,418
Inter-segment Revenue	0	0	0
Revenue from External Customers	12,097,418	0	12,097,418
Segment Result before tax and NCI	8,927,718	0	8,927,718
EBITDA (i)	7,104,419	0	7,104,419
Depreciation & Amortisation	211,126	0	211,126
EBIT (ii)	6,893,293	0	6,893,293
Capital Expenditure (iii)	3,038,891	0	3,038,891
Segment Assets (iii)	19,929,176	0	19,929,176
Segment Liabilities (iii)	12,513,396	0	12,513,396

NOTE 3: SEGMENT INFORMATION (CONTINUED)

(i) Segment EBITDA comprises profit before depreciation and amortisation, net finance costs, tax, net gain on sale of investments, corporate operating costs and transaction related costs.

(ii) Segment EBIT comprises profit before net finance costs, tax, net gain on sale of investments, corporate operating costs and transaction related costs.

(iii) The CODM does review revenues by operating segment as listed in the table below. Operating and other costs, and assets, are not directly allocated to these and therefore the net operating results and total assets are only viewed in aggregate.

(c) Other Segment Information

(i) Segment Revenue

Any sales between segments are carried out at arm's length and are eliminated on consolidation. Segment revenue reconciles to total revenue from continuing operations as follows:

	Note	2013 $	2012 $
Revenue from external customers		15,671,759	11,121,439
Interest revenue		875,114	361,244
Other revenue		2,121,772	614,735
Total revenue	4	18,668,645	12,097,418
Segment revenues are allocated based on the country in which the customer is located. The amount of its revenue from external customers is:			
- in Vietnam		16,727,702	12,097,418
- in Australia		1,471,071	0
- other countries		469,872	0
Total Revenue		18,668,645	12,097,418

NOTE 3: SEGMENT INFORMATION (CONTINUED)

(c) Other Segment Information (continued)

(ii) Segment EBITDA

This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of equity-settled share-based payments and unrealised gains/(losses) on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Consolidated Entity.

A reconciliation of segment EBITDA to operating profit before income tax in the consolidated statement of profit or loss and other comprehensive income, is provided as follows:

	Note	2013 $	2012 $
Segment EBITDA		7,211,564	7,104,419
Interest revenue		875,104	361,244
Exchange gains on investing activities		936,034	0
Depreciation		(191,877)	(211,126)
Non-controlling interest		2,017,037	1,673,181
Sale of TAB Active business		862,964	0
Profit before tax per the statement of profit or loss & other comprehensive income		11,710,826	8,927,718

(iii) Segment Assets

These assets are allocated based on the operations of the segment and the physical location of the asset. Investment in shares (classified as available-for-sale financial assets, held-to-maturity investments or financial assets at fair value through profit or loss) held by the Consolidated Entity are not considered to be segment assets but rather managed by the treasury function.

Reportable segment assets are reconciled to total assets in the consolidated statement of financial position is provided as follows:

	Note	2013 $	2012 $
Allocated Segment Assets		69,173,964	19,929,176
Unallocated Segment Assets		0	0
Total assets per consolidated statement of financial position		69,173,964	19,929,176
Represented by:			
- in Vietnam		52,571,602	19,929,176
- in Australia		14,121,444	0
- other countries		2,480,917	0
Total assets per consolidated statement of financial position		69,173,964	19,929,176

Segment assets are reported to countries based on where the assets are located.

NOTE 3: SEGMENT INFORMATION (CONTINUED)

(c) Other Segment Information (continued)

	Note	2013 $	2012 $
The total of non-current assets other than financial instruments and deferred tax assets located:			
- in Vietnam		13,975,505	4,336,961
- in Australia		9,796,836	0
- other countries		129,236	0
Total non-current assets per consolidated statement of financial position		23,901,577	4,336,961

(iv) Segment Liabilities

These liabilities are allocated based on the operations of the segment.

Reportable segment liabilities are reconciled to total liabilities in the consolidated statement of financial position is provided as follows:

	Note	2013 $	2012 $
Allocated Segment Liabilities		12,000,393	8,938,867
Current tax liabilities		5,171,114	3,574,529
Total liabilities per consolidated statement of financial position		17,171,507	12,513,396
Represented by:			
- in Vietnam		15,484,843	12,513,396
- in Australia		412,230	0
- other countries		1,274,434	0
Total liabilities per consolidated statement of financial position		17,171,507	12,513,396

NOTE 4: REVENUE

Casino Operations	14,664,539	11,121,439
Gaming Technology Operations	1,007,220	0
Total Revenue	15,671,759	11,121,439

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
NOTE 5: OTHER INCOME			
Foreign Exchange gains (net)		1,258,808	614,735
Interest		875,114	361,244
Sale of TAB Active		862,964	0
Total other revenue		2,996,886	975,979
NOTE 6: EXPENSES			
Profit before income tax includes the following specific expenses;			
Employee benefits expense:			
- salaries, wages, bonuses and other benefits		3,326,606	1,508,941
- defined contribution superannuation expense		28,490	0
Total employee benefits expense		3,355,096	1,508,941
Depreciation:			
- buildings and structures		51,733	112,212
- machinery and equipment		55,669	25,752
- office equipment		53,606	46,744
- motor vehicles		30,869	26,418
Total depreciation expense		191,877	211,126
NOTE 7: AUDITORS REMUNERATION			
During the year the following fees were paid or payable for services provided by the auditor of Donaco International Limited and its related practices and by non-related audit firms:			
William Buck NSW			
Audit and other assurance services:			
- auditing and review of financial statements		61,539	0
Total remuneration for audit and other assurance services		61,539	0
Other Audit Firms:			
Audit and other assurance services:			
- auditing and review of financial statements		75,292	13,847
Total remuneration for audit of other audit firms		75,292	13,847
Total auditors' remuneration		136,831	13,847

NOTE 8: INCOME TAX

	Note	2013 $	2012 $
(a) Income Tax Expense			
Current tax		(2,667,798)	(2,252,521)
Deferred tax	8(d)	0	0
Adjustments for current tax in prior periods		208	(1,685)
Total income tax expense		(2,667,590)	(2,254,206)
(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable			
Profit before income tax expense		11,710,826	8,927,718
Tax at the Australian tax rate of 30% (2012 – 30%)		(3,513,248)	(2,678,315)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Non-assessable or deductible items		259,909	(20,592)
Adjustments for current tax of prior periods and timing adjustments		208	(1,685)
Difference in overseas tax rates		585,541	446,386
Income tax expense		(2,667,590)	(2,254,206)

(i) R&D Tax Offset

The Company applied for and successfully claimed a tax offset for research and development expenditure incurred in the 2012 financial year. The tax offset is effectively a cash refund available to small companies who have incurred eligible R&D expenditure in the previous financial year. The tax offset received in January 2013 for the 2012 financial year was $226,517 (2012: $202,016)

(c) Tax expense (income) relating to items of other comprehensive income

No items have been identified in the current reporting periods that require tax effects to be recognised in other comprehensive income.

(d) Tax losses

Deferred tax assets have not been recognised in respect of any carry forward tax losses because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits.

(e) Australian Tax Consolidation

Donaco International Limited and its Australian subsidiaries have not formed a consolidated group for income tax purposes.

NOTE 9: DIVIDENDS

No dividends were declared or paid during the year on ordinary shares

NOTE 10: EARNINGS PER SHARE

	Note	2013 $	2012 $
Basic earnings per share (dollars)	10(a)	0.026	1,667
Diluted earnings per share (dollars)	10(a)	0.025	1,667
Net profit (loss) used in the calculation of basic EPS	10(a)	7,026,199	5,000,327
Net profit (loss) used in the calculation of diluted EPS	10(a)	7,026,199	5,000,327

	Note	2013 Number	2012 Number
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	10(b)	277,827,871	3,000
Options in Donaco International Limited		7,388,761	0
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted EPS	10(b)	285,216,632	3,000

(a) Earnings Used in Calculating Earnings Per Share

Earnings for the purpose of the calculation of basic earnings per share, and also diluted earnings per share, is net profit attributable to the members of Donaco International Limited. The diluted EPS includes unlisted options exercisable over unlisted shares (refer to Note 21).

(b) Classification of Securities

Under an ownership-based remuneration scheme, Donaco International Limited, had no unconverted employee share options remaining as at 30 June 2013 (refer to Note 30).

NOTE 11: CASH AND CASH EQUIVALENTS

	Note	2013 $	2012 $
Cash on hand		9,951,954	5,702,518
Cash at bank		12,050,857	2,846,390
Bank deposits with original maturities of less than 3 months		7,401,394	1,807,244
		29,404,205	10,356,152

The above amount reconciles to cash and cash equivalents at the end of the financial year, as shown in the statement of cash flows.

(a) Risk Exposure

The Consolidated Entity's exposure to interest rate risk is discussed in Note 31(a). The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash at bank and bank deposits.

NOTE 12: TRADE AND OTHER RECEIVABLES

	Note	2013 $	2012 $
Current			
Trade receivables		3,138,711	670,684
Provision for impairment	12(a),(b)	0	0
Net trade receivables		3,138,711	670,684
Receivables from related parties	28	25,838	0
Interest receivable on bank deposits		15,119	0
Total trade and other receivables		3,179,668	670,684

(a) Impaired Trade Receivables

An impairment loss of $nil (2012: $nil) has been recognised by the Consolidated Entity.

(b) Past due and Impaired

As at 30 June 2013 there were no trade receivables past due but not impaired (2012: nil).

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(c) Other Receivables

These amounts generally arise from transactions outside the usual operating activities of the Consolidated Entity. Interest is normally not charged.

(d) Fair Value and Credit Risk

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances. The average credit period on provision of services is 30 days.

The maximum exposure to credit risk at the end of the reporting period is the fair value of each class of receivable in the financial statements. The Consolidated Entity does not hold any collateral as security over any receivable balance, nor does it hold any restrictions of title. Refer to Note 31 for more information on the risk management policy of the Consolidated Entity.

(e) Foreign Exchange and Interest Risk

Information about the Consolidated Entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 31.

NOTE 13: INVENTORIES

	Note	2013 $	2012 $
Current			
Food & beverage - at cost		225,210	109,940
		225,210	109,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 14: OTHER ASSETS

	Note	2013 $	2012 $
Current			
Prepaid construction costs [a]		12,354,841	4,388,593
Bonds and security deposits		18,012	18,424
Other debtors		62,080	48,422
Tax receivable		28,371	0
Total current other assets		12,463,304	4,455,439
Non-Current			
Other debtors		122,007	224,470
Product development		93,448	0
Total non-current other assets		215,455	224,470

[a] Refers to prepaid costs incurred in the upgrade of the Lao Cai Casino in northern Vietnam.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Note	2013 $	2012 $
Leasehold land - at cost [a]		52,357	52,357
Leasehold building and structures - at cost		1,131,881	1,116,943
Accumulated depreciation		(392,042)	(402,665)
Total leasehold land and buildings		792,196	766,635
Machinery and equipment - at cost		1,741,034	1,293,481
Accumulated depreciation		(1,258,050)	(1,202,381)
Total machinery and equipment		482,984	91,100
Motor vehicles - at cost		262,984	174,657
Accumulated depreciation		(79,253)	(55,587)
Total motor vehicles		183,731	119,070
Office equipment and other - at cost		214,613	200,648
Accumulated depreciation		(120,559)	(103,853)
Total motor vehicles		94,054	96,795
Total carrying amount		1,552,965	1,073,600

[a] Relates to a 30 year land use right in the Socialist Republic of Vietnam.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Movements in Carrying Amounts

	Leasehold Land Buildings and Structures	Machinery and Equipment	Motor Vehicles	Other	Total
	$	$	$	$	$
Carrying amount at 1 July 2011	865,516	30,321	50,051	85,990	1,031,878
Additions	14,856	86,531	95,437	64,350	261,174
Disposals	0	0	0	(6,801)	(6,801)
Depreciation	(112,212)	(25,752)	(26,418)	(46,744)	(211,126)
Reclassification	(1,525)	0	0	0	(1,525)
Carrying amount at 30 June 2012	766,635	91,100	119,070	96,795	1,073,600
Additions	14,937	456,168	88,327	23,986	583,418
Disposals	0	(83,525)	0	(10,021)	(93,546)
Depreciation	(51,733)	(55,669)	(30,869)	(53,606)	(191,877)
Reclassification	76,261	86,180	11,652	(2,130)	171,963
Exchange differences	(13,904)	(11,270)	(4,449)	39,030	9,407
Carrying amount at 30 June 2013	792,196	482,984	183,731	94,054	1,552,965

NOTE 16: CONSTRUCTION IN PROGRESS

	Note	2013 $	2012 $
Non-Current			
Property Construction Works in Progress		12,336,321	3,038,891
(a) Movements in Carrying Amounts			
Carrying amount at the beginning of the financial year		3,038,891	555,310
Additions		9,030,366	2,483,581
Exchange differences		267,064	0
Carrying amount at the end of the financial year		12,336,321	3,038,891

No borrowing costs have been incurred in respect of this project.

NOTE 17: INTANGIBLE ASSETS

	Note	2013 $	2012 $
Non-Current			
Goodwill - at cost		9,796,836	0
(a) Movements in Carrying Amounts			
Carrying amount at the beginning of the financial year		0	0
Additions		9,796,836	0
Carrying amount at the end of the financial year		9,796,836	0

(b) Impairment Testing of Goodwill

Goodwill is monitored by CODM at the cash generating level. CODM reviews the business performance based on geography and type of business. It has identified two reportable cash generating segments. A business-level summary of the goodwill allocation is presented below.

	Donaco Singapore $	Isentric $	Total $
2013	2,426,187	7,370,649	9,796,836
2012	0	0	0

The recoverable amount of the cash generating unit has been determined based on the value in use calculation. To calculate this, cash flow projections are based on financial budgets approved by senior management covering a five year period.

In performing the value-in-use calculations for each CGU, the Consolidated Entity has applied pre-tax discount rates to discount the forecast future attributable pre-tax cash flows. The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	Budgeted gross margin		Growth rate		Pre-tax discount rate	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Donaco Singapore Pte Ltd	11,311,838	0	1%	0	12%	0
Isentric Sdn Bhd	839,960	0	1%	0	12%	0

Management determined budgeted gross margin based on past performance and its expectations for the future and are considered to be reasonably achievable. The weighted average growth rates used are consistent with forecasts included in industry reports. The discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate.

The recoverable amount calculation for goodwill is most sensitive to changes in growth rate and EBIT margin on sales. Based on sensitivity analysis performed, no reasonable change in these assumptions would give rise to an impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 18: TRADE AND OTHER PAYABLES

	Note	2013 $	2012 $
Current			
Unsecured:			
Trade payables		1,534,988	3,782,865
Deposits received		22,118	18,037
Floating chips	18(a)	9,626,898	4,975,536
Other payables and accrued expenses		263,231	41,732
		11,447,235	8,818,170

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

(a) Floating Chips

The number of floating chips is determined as the difference between the number of chips in use and the actual chips counted by the casino as at reporting date.

(b) Risk Exposure

Information about the Consolidated Entity's exposure to foreign exchange risk is provided in Note 31.

NOTE 19: PROVISIONS

	Note	2013 $	2012 $
Current			
Employee benefits – annual leave		56,425	0
Employee benefits – unpaid wages		337,607	120,697
Employee benefits – other		63,114	0
		457,146	120,697
Non-current			
Employee benefits – long service leave		32,969	0

Employee benefits include provisions for annual leave and long service leave benefits applicable to jurisdictions. The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. A majority of the amount is presented as current, since the Consolidated Entity does not have an unconditional right to defer settlement. However, based on past experience, the Consolidated Entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20: OTHER LIABILITIES

	Note	2013 $	2012 $
Current			
Foreign government charges or levies		57,401	0
Other		5,642	0
		63,043	0

NOTE 21: CONTRIBUTED EQUITY

(a) Share Capital

	Note	2013 $	2012 $
Ordinary fully paid shares		34,692,937	1,619

(b) Acquisition of Donaco Singapore Pte Ltd

On 1 February 2013 Donaco International Limited acquired all of the issued shares of Donaco Singapore Pte Ltd resulting in Donaco Singapore Pte Ltd becoming a wholly owned subsidiary of Donaco International Limited. The acquisition resulted in the original shareholders of Donaco Singapore Pte Ltd holding a majority share in Donaco International Limited (formerly known as Two Way Limited). Pursuant to Australian Accounting Standard AASB 3: Business Combinations, this transaction represents a reverse acquisition with the result that Donaco Singapore Pte Ltd was identified as the acquirer, for accounting purposes, of Donaco International Limited (the "acquiree" and "legal parent").

The consolidated financial statements and share capital represents the continuation of Donaco Singapore Pte Ltd. The number of shares on issue reflects those of Donaco International Limited.

(c) Movement in Share Capital

	Note	2013 $	2012 $
Opening balance as at 1 July		1,619	1,619
Movement:			
Shares transferred to Donaco International Limited on acquisition		(1,619)	
Shares issued under Donaco Singapore Pte Ltd acquisition		3,374,826	
Shares Issued under Isentric Sdn Bhd acquisition		8,500,000	
Capital raising		25,000,000	
Shares issued under options		22,463	
Employee share options lapsed		(11,837)	
Unissued shares write off [b]		(401,184)	
Less: Transaction costs arising on share issue		(1,791,331)	
Balance as at 30 June		34,692,937	1,619

NOTE 21: CONTRIBUTED EQUITY(CONTINUED)

	Note	2013 Number	2012 Number
Opening balance as at 1 July 2012		268,530,760	3,000
Issued shares;			
-17.09.2012		6,666,667	
-18.09.2013		10,000,000	
Balance at 31 January 2013		285,197,427	
Adjustment for 20:1 consolidation		(270,937,647)	
Opening balance as at 1 February 2013 post consolidation		14,259,780	
Shares issued under Donaco Singapore Pty Ltd merger		261,724,250	
Shares Issued under Isentric Sdn Bhd acquisition		22,368,420	
Capital raising		73,292,571	
Shares issued under options		74,875	
Balance as at 30 June 2013		371,719,896	3,000

[a] Post 20 for one consolidation effective 1 February 2013

[b] On 15th December 2011, Two Way Limited entered into a binding share subscription agreement with Priority One Network Group Limited ("PON"). The terms of that agreement were that PON had agreed to subscribe for and Two Way had agreed to issue a total of 35,029,614 fully paid ordinary shares (15% of Two Way's issued capital) to PON, at an agreed price of 4 cents per share. In return, PON was to pay to Two Way total consideration of $1,401,184, made up of $1 million in cash, and a total of 1,337,281 shares in PON ($401,184). The PON shares were valued at 30 cents per share, a price which was supported by the independent valuation report obtained by PON, and which was the expected listing price of PON shares on the ASX.

The agreement was to be concluded by the 28th February 2012, however PON was unable to fulfil its obligations. Consequently, Two Way issued a further announcement on 12 March 2012, advising that it had agreed new terms which required an immediate payment by PON of $150,000 in cash, which was duly received, and the balance of $700,000 in cash on completion of successful listing of PON.

To date Two Way has received $300,000 in cash, and has been issued with 1,337,281 PON unlisted shares, valued at $401,184 and classified as equity. No Two Way shares were issued to PON. The *Statement of Changes in Equity* reflects the partial share subscription of $701,184.

Management now considers that it is unlikely that PON will complete their listing on the ASX. Accordingly, the partial share subscription of $401,184 of unlisted shares in PON was written off to the "Statement of Changes in Equity" where it was originally recognised in the 2012 financial year.

(d) Ordinary Shares

Ordinary shares participate in dividends and proceeds on winding up of Donaco International Limited in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

NOTE 21: CONTRIBUTED EQUITY(CONTINUED)

(e) Options

	Note	2013 Number	2012 Number
As at reporting date the number of unlisted options exercisable over unlisted shares were:			
Bonus Options			
- Unlisted 30c options expiring 29 January 2015		7,057,082	0
Main Ace Investments Limited			
- Unlisted 56c options expiring 17 January 2015		562,500	562,500
- Unlisted 56c options expiring 1 March 2015		125,000	125,000
- Unlisted 56c options expiring 17 May 2015		125,000	125,000
		812,500	812,500
Total exercisable options		7,869,582	812,500

Information relating to Donaco International Limited's Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 30. The Bonus Options were issued to all shareholders following Donaco International Limited's corporate restructure and acquisition of Donaco Singapore Pte Ltd. Refer to the Directors Report for further information.

(f) Capital Risk Management

Management controls the capital of the Consolidated Entity in order to ensure the Consolidated Entity can fund its operations and continue as a going concern. The Consolidated Entity's capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements. There have been no changes in the strategy adopted by management to control capital of the Consolidated Entity since the prior year.

NOTE 22: RESERVES

	Note	2013 $	2012 $
Foreign Currency Translation Reserve [a]		964,633	(276,544)

[a] Foreign Currency Translation Reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income as described in Note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

NOTE 23: CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b). Detail of subsidiaries at the end of the reporting period are as follows:

	Notes	Country of Incorporation	2013 % owned	2012 % owned
Donaco International Limited's subsidiaries:				
Donaco Australia Pty Ltd (formerly Two Way Operations Pty Ltd)		Australia	100	100
Way2Bet Pty Ltd		Australia	90	90
Donaco Singapore Pte Ltd and its subsidiaries (refer below)	(a)	Singapore	100	-
iSentric Sdn Bhd	(b)	Malaysia	100	-
Donaco Singapore Pte Ltd's subsidiaries:				
Donaco Holdings Ltd		British Virgin Islands	100	100
Donaco Holdings Sdn Bhd		Malaysia	100	100
Lao Cai International Hotel Joint Venture Company		Vietnam	75	75

(a) Acquired 1 February 2013

(b) Acquired 1 June 2013

NOTE 24: BUSINESS COMBINATIONS

(a) Summary of Acquisitions

The following acquisitions occurred during the 30 June 2013 financial year. There were no acquisitions in the year ended 30 June 2012.

(i) Donaco Singapore Pte Ltd

On 1 February 2013 the Company acquired 100% of the issued share capital of Donaco Singapore Pte Ltd, a Singapore registered company, whose principal asset is 75% ownership of the Lao Cai International Hotel Joint Venture Company ("JV Company"). JV Company is the entity that owns the Lao Cai International Hotel in Lao Cai, Vietnam, a 32 room hotel with a restaurant and a fully operational casino. The other 25% of the JV Company is owned by Petro Vietnam Sapa Tourism Joint Stock Company, an entity associated with the Government of Vietnam.

(ii) Isentric Sdn Bhd

On 1 June 2013 the Company acquired 100% of the issued share capital of Isentric Sdn Bhd, a mobile services business in South East Asia for $8.5 million. To effect the completion of the acquisition, the Company issued 22,368,420 fully paid ordinary shares to the vendors at an agreed price of $0.38 per share (totalling $8,500,000).

Details of the purchase consideration, the net assets acquired and goodwill for each acquisition is as follows:

	Fair Value		
	Donaco Singapore $	iSentric $	Total $
Cash paid	0	0	0
Value of shares issued by the Company	3,374,826	8,500,000	11,874,826
Purchase consideration	3,374,826	8,500,000	11,874,826

The assets and liabilities recognised as a result of the acquisition are as follows;	Two Way Limited [a] $	iSentric $	Total $
Financial Position			
Cash and cash equivalents	890,763	297,534	1,188,297
Trade and other receivables	110,678	2,139,616	2,250,294
Prepayments	3,457	33,615	37,072
Other current assets	419,196	18,950	438,146
Fixed assets	3,424	31,700	35,124
Other non current assets	0	60,600	60,600
Total Assets	1,427,518	2,582,015	4,009,533
Trade and other payables	(190,058)	(1,190,781)	(1,380,839)
Provisions	(241,654)	(261,883)	(503,537)
Non current Liabilities	(47,167)	0	(47,167)
Total Liabilities	(478,879)	(1,452,664)	(1,931,543)
Net identified assets acquired	948,639	1,129,351	2,077,990
Less: Non-controlling interests	0	0	0
Add: Goodwill	2,426,187	7,370,649	9,796,836
Net assets acquired	3,374,826	8,500,000	11,874,826

[a] Pursuant to Australian Accounting Standard AASB 3: Business Combinations, this merger represents a reverse acquisition with the result that Donaco Singapore Pte Ltd was identified as the acquirer, for accounting purposes, of Donaco International Limited (the "acquiree" and "legal parent"). Therefore The Net Assets are Two Way limited, immediately prior to the business combination.

NOTE 24: BUSINESS COMBINATION (CONTINUED)

Goodwill is initially measured as the excess of the purchase consideration over the fair value of the net identifiable assets and contingent liabilities acquired, and subsequently presented as net of any impairment changes. Goodwill arose in the acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit from business synergies, revenue growth, future market developments and access to capital. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

(b) Revenue and Profit Contributions

The year to date acquired businesses returns, contributed from their acquisition date

	Two Way Limited [a]	iSentric	Total
	$	$	$
- revenues	1,471,071	469,871	1,940,942
- net profit before tax	333,792	65,195	398,987

Had these business combinations been effected at 1 July 2012, the revenue of the consolidated entity would have been $26,502,746 and net profit $12,913,805.

(c) Purchase Consideration - Cash Outflow

Outflow of cash to acquire subsidiary, net of cash acquired:

Add: cash balances acquired	890,763	297,534	1,188,297
Inflow of cash - investing activities	890,763	297,534	1,188,297

NOTE 25: NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation Of Cash Flow From Operations With Profit From Ordinary Activities After Income Tax

	Note	2013 $	2012 $
Profit from ordinary activities after income tax		9,043,236	6,673,508
Non-cash flows in profit from ordinary activities:			
Depreciation & amortisation		191,877	211,126
Foreign exchange relating to capital raising		945,158	617,333
Interest on investing activities		(118,614)	(341,564)
Net loss on sale of fixed assets		(23,670)	0
Equity and Investing costs in trade creditors		28,450	633,954
Changes in assets and liabilities, net of effects from purchase of subsidiaries :			
(Increase)/decrease in receivables		(2,508,984)	(384,241)
(Increase)/decrease in inventories		(115,270)	(2,927)
(Increase)/decrease in other assets		(7,998,850)	(34,068)
Increase/(decrease) in trade payables and accruals		2,629,065	72,606
Increase/(decrease) in tax liabilities		1,596,585	1,890,742
Increase/(decrease) in provisions		432,461	2,323,990
Cash flow from Operations		4,101,444	11,660,459

NOTE 26: 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 27: COMMITMENTS

(a) Operating Leasing Commitments

The Consolidated Entity leases various offices and sites within Australia and SE Asia, under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Note	2013 $	2012 $
Payable:			
Not later than 1 year		153,482	75,168
Later than 1 year but not later than 5 years		96,000	0
Later than five years		0	0
		249,482	75,168

(b) Capital Commitments

The Consolidated entity is currently undergoing significant capital works on its casino in Vietnam. These commitments are reflected below:

	Note	2013 $	2012 $
Payable:			
Not later than 1 year		31,648,297	1,043,416
Later than 1 year but not later than 5 years		924,017	1,940,717
Later than five years		0	0
		32,572,314	2,984,133

(c) Mortgage to Ocean Bank of Vietnam

On 11 July 2011 a mortgage was registered by the Ocean Bank of Vietnam over the assets of the Lao Cai International Hotel in relation to a 180,000,000,000 VND loan facility. As at 30 June 2013 no amounts have been drawn on this facility.

NOTE 28: RELATED PARTY TRANSACTIONS

(a) Parent Entity

The ultimate legal parent entity within the Consolidated Entity is Donaco International Limited.

Donaco Singapore Pte Ltd was acquired by Donaco International Limited on 1 February 2013. As required by Australian Accounting Standard AASB3: Business Combinations, Donaco International Limited is deemed to have been acquired by Donaco Singapore as at 1 February 2013 under the reverse acquisition rules. Accordingly, Donaco Singapore Pte Ltd is the Parent Entity for accounting purposes.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 29.

(d) Other Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless stated. The profit from operations includes the following items of expense that resulted from transactions with key management personnel or their related parties.

	Note	2013 $	2012 $
Dividends paid to NCI		734,488	735,918
Legal Consultancy - B.P. Reichel		61,530	8,195
Amount owing to Donaco Singapore Pte Ltd by associated entity	12	25,838	0
Amount owing to Isentric Sdn Bhd by associated entity		13,306	0
Management Fee – Donaco Singapore Pte Ltd associated entity		9,382	0

NOTE 29: KEY MANAGEMENT PERSONNEL

Directors of Parent Entity (Donaco Singapore Pte Ltd):

Joey Lim Keong Yew	Managing Director
Ang Teck Foo	Non-executive Director
Benjamin Lim Keong Hoe	Non-executive Director
Mak Siew Wei	Non-executive Director
Goh Kwey Biaw	Non-executive Director (appointed 25 April 2013)
Ong Chong Hock	Non-executive Director (resigned 25 April 2013)

From the above group, Messrs J Lim, B Lim and Mak S W were appointed as directors of the Listed Entity on 1 February 2013.

Directors of Listed Entity (Donaco International Limited):

S J McGregor	Non-executive Director (Chair)
J Lim	Managing Director and CEO (appointed 1 February 2013)
B P Reichel	Non-executive Director
B Lim	Non-executive Director (appointed 1 February 2013)
G N Tan	Non-executive Director
Mak S W	Non-executive Director (appointed 1 February 2013)

Key Management Personnel

The following Key Management Personnel of the Parent Entity continued as Key Management Personnel of the Listed Entity:

R Na	Chief Financial Officer (from 1 March 2013)
Goh Kwey Biaw	Deputy CFO and CEO Donaco Singapore

In addition, the following Key Management Personnel of the Listed Entity continued in office:

F R Magrini	Chief Technology Officer

	Note	2013 $	2012 $
(a) Key Management Personnel Compensation			
The aggregate compensation made to Directors and Other Key Management Personnel of the Company and the Consolidated Entity is set out below:			
Short-term employee benefits		738,958	882,111
Post-employment benefits		29,782	129,460
Long-term benefits		2,699	0
Termination benefits		0	180,161
Share Based Payments		0	17,500
		771,439	1,209,232

Detailed remuneration disclosures are provided in the remuneration report section of the Directors' Report.

(b) Options Over Equity Instruments Granted As Compensation

There were no options granted as compensation for the financial year ended 30 June 2013 (2012: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 29: KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Options Over Equity Instruments Held

Movements in the holdings of options by Specified Directors and Key Management Personnel during the period held directly, indirectly, beneficially and including their personally-related entities were as follows:

2013 Name	Balance Held at 30 June 2012	Consolidation Due to Corporate Restructure [2]	Options Exercised	Options Cancelled or Lapsed	Other Change [3]	Held at 30 June 2013	Vested and Exercisable
Specified Directors [1]							
S J McGregor	-	-	-	-	63,408	63,408	63,408
J Lim	-	-	-	-	-	-	-
B P Reichel	360,000	18,000	4,500	13,500	61,102	61,102	61,102
G N Tan [4]	16,250,000	812,500	-	-	683,750	1,496,250	1,496,250
Mak S W	-	-	-	-	-	-	-
B Lim	-	-	-	-	-	-	-
Specified Executives							
R Na	-	-	-	-	-	-	-
K Goh	-	-	-	-	-	-	-
F R Magrini	216,000	10,800	-	10,800	-	-	-

1 The Non-Executive Directors, including the Chairman, did not receive or hold any options issued as remuneration during the period.

2 On 8 January 2013 a non-selective consolidation of the Company's issued capital took place, whereby all the issued securities of the Company were consolidated on a 20 to1 basis.

3 Refers to the issue of bonus options (DNAO) to all shareholders in January 2013.

4 The majority of Mr Tan's bonus options (500,000) were issued to, and are held directly by, Main Ace Investments Limited, an entity of which Mr Tan is a director.

2012 Name	Held At 30 June 2011	Granted As Compen-sation	Options Exercised	Options Cancelled or Lapsed	Other Change [2]	Held at 30 June 2012	Vested and Exercisable
Specified Directors [1]							
S J McGregor	-	-	-	-	-	-	-
B P Reichel	360,000	-	-	-	-	360,000	360,000
G N Tan [2]	-	-	-	-	16,250,000	16,250,000	16,250,000
C R Grant-Foster [3]	-	-	-	-	-	-	-
Specified Executives							
R G Nugara	165,600	-	-	-	-	165,600	165,600
G J Kean	259,200	-	-	-	-	259,200	259,200
F R Magrini	216,000	-	-	-	-	216,000	216,000

1 The Non-Executive Directors, including the Chairman, did not receive or hold any remuneration options during the period.

2 Mr Tan's options were issued as part of a capital raising. The options were issued to, and are held directly by, Main Ace Investments Limited, an entity of which Mr Tan is a director.

3 Mr Grant-Foster resigned as a director on 19 July 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 29: KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) Shareholdings

The numbers of shares in Donaco International Limited held during the financial year by each director of Donaco International Limited and other Key Management Personnel of the Consolidated Entity, including their personally related parties, are set out below.

There were no shares granted during the reporting period as compensation (2012: nil).

2013 Name	Balance Held at 30 June 2012	Consolidation Due to Corporate Restructure [1]	Received During The Year on the Exercise of Options	Other Changes During the Year[2]	Balance Held at 30 June 2013
Specified Directors					
S J McGregor	1,536,333	76,816	-	50,000	126,816
J Lim [3]	-	-	-	244,366,355	244,366,355
B P Reichel	2,354,083	117,704	4,500	-	122,204
G N Tan	26,250,000	1,312,500	-	55,000	1,367,500
S Mak	-	-	-	-	-
B Lim [3]	-	-	-	202,826,200	202,826,200
Specified Executives					
R Na	-	-	-	1,600,000	1,600,000
K Goh	-	-	-	1,000,000	1,000,000
F R Magrini	-	-	-	-	-

1 On 8 January 2013 a non-selective consolidation of the Company's issued capital took place, whereby all the issued securities of the Company were consolidated on a 20 to1 basis.

2 Refers to shares purchased, sold and transferred.

3 On 29 January 2013 the Company issued 261,724,250 fully paid ordinary shares at an issue price of $0.30 per share to the shareholders of Donaco Singapore Pte Ltd, Convent Fine Limited ("Convent") and Slim Twinkle Limited ("Slim"), as full consideration for the acquisition of 100% of the issued share capital in Donaco Singapore Pte Ltd. Mr J. Lim and Mr B. Lim are shareholders of Convent and Slim.

2012 Name	Balance Held at 30 June 2011	Received During The Year on the Exercise of Options	Other Changes During the Year [2]	Balance Held at 30 June 2012
Specified Directors [1]				
S J McGregor	1,396,667	-	139,666	1,536,333
B P Reichel	1,585,752	-	768,331	2,354,083
G N Tan [3]	-	-	26,250,000	26,250,000
C R Grant-Foster [4]	602,886	-	-	602,886

1 No KMP other than Directors held shares in the Company in the 2012 financial year.

2 Refers to shares purchased, sold and transferred.

3 The majority of Mr Tan's shares (20,000,000) were issued to Main Ace Investments Limited, an entity of which Mr Tan is a director.

4 Mr Grant-Foster resigned as a director on 19 July 2012.

NOTE 29: KEY MANAGEMENT PERSONNEL (CONTINUED)

(e) Other Transactions

There were no other transactions with Key Management Personnel.

(f) Employment Contracts of Directors and Senior Executives

Remuneration and other terms of employment for the Managing Director, Chief Financial Officer and the other key management personnel are formalised in contracts of employment. The service agreements specify the components of remuneration, benefits and notice periods. The specified executives are employed under contracts with no fixed term. The Company may terminate the contracts immediately if the executive is guilty of serious misconduct or wilful neglect of duties. Otherwise, the Company may terminate the contracts by giving three months' notice or paying three months' salary. In the case of the MD and CFO, termination for any reason other than just cause will result in a termination payment of 24 months' base salary.

NOTE 30: SHARE BASED PAYMENTS

(a) Employee Remuneration Options

The 2008 Series B options granted as remuneration to the key management personnel of the Consolidated Entity under the Company's Employee Options Plan were granted progressively over the 2009 financial year, commencing from 1 July 2008. The options vested two years after each grant date and expired progressively throughout the 2013 financial year, commencing 1 July 2012 with the last expiry date being 1 June 2013.

There were no service and performance criteria to be met in determining the vesting of remuneration options, however the options expired 12 months after termination of employment if not exercised during that period.

(b) Balance Of Share Options Outstanding

The table below shows details of movements in share options and the balance outstanding at the end of the financial year.

2013

Grant Date	Expiry Date	Exercise Price $	Held at 30 June 2012	20:1 Consol *	Options Granted	Options Exercised	Options Cancelled or Lapsed	Held at 30 June 2013
Series B Options								
1.07.2008	1.07.2012	0.072	104,760	5,238	-	-	5,238	-
1.08.2008	1.08.2012	0.066	104,760	5,238	-	-	5,238	-
1.09.2008	1.09.2012	0.060	104,760	5,238	-	-	5,238	-
1.10.2008	1.10.2012	0.033	104,760	5,238	-	-	5,238	-
1.11.2008	1.11.2012	0.038	104,760	5,238	-	-	5,238	-
1.12.2008	1.12.2012	0.037	104,760	5,238	-	-	5,238	-
1.01.2009	1.01.2013	0.034	104,760	5,238	-	-	5,238	-
1.02.2009	1.02.2013	0.029	104,760	5,238	-	-	5,238	-
1.03.2009	1.03.2013	0.025	104,760	5,238	-	-	5,238	-
1.04.2009	1.04.2013	0.020	104,760	5,238	-	1,500	3,738	-
1.05.2009	1.05.2013	0.018	104,760	5,238	-	1,500	3,738	-
1.06.2009	1.06.2013	0.021	104,760	5,238	-	1,500	3,738	-
			1,257,120	62,856	-	4,500	58,356	-

* On 8 January 2013 a non-selective consolidation of the Company's issued capital took place, whereby all the issued securities of the Company were consolidated on a 20 to1 basis.
The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2013 was $0.40.

NOTE 30: SHARE BASED PAYMENTS (CONTINUED)

(c) Balance Of Share Options Outstanding (continued)

2012

Grant Date	Expiry Date	Exercise Price $	Held at 30 June 2011	Options Granted	Options Exercised	Options Cancelled or Lapsed	Held at 30 June 2012	Vested and Exercis-able
Series B Options								
1.07.2008	1.07.2012	0.072	113,400	-	-	8,640	104,760	104,760
1.08.2008	1.08.2012	0.066	113,400	-	-	8,640	104,760	104,760
1.09.2008	1.09.2012	0.060	113,400	-	-	8,640	104,760	104,760
1.10.2008	1.10.2012	0.033	105,600	-	-	840	104,760	104,760
1.11.2008	1.11.2012	0.038	105,600	-	-	840	104,760	104,760
1.12.2008	1.12.2012	0.037	105,600	-	-	840	104,760	104,760
1.01.2009	1.01.2013	0.034	105,600	-	-	840	104,760	104,760
1.02.2009	1.02.2013	0.029	105,600	-	-	840	104,760	104,760
1.03.2009	1.03.2013	0.025	104,760	-	-	-	104,760	104,760
1.04.2009	1.04.2013	0.020	104,760	-	-	-	104,760	104,760
1.05.2009	1.05.2013	0.018	104,760	-	-	-	104,760	104,760
1.06.2009	1.06.2013	0.021	104,760	-	-	-	104,760	104,760
			1,287,240	-	-	30,120	1,257,120	1,257,120

The weighted average remaining contractual life of the options outstanding at 30 June 2012 was 0.46 years.

(d) Expenses Arising From Share Based Payment Transactions

	2013 $	2012 $
Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:	0	17,500

NOTE 31:FINANCIAL RISK MANAGEMENT

The Consolidated Entity's activities expose it to a variety of financial risks. The main risks the Consolidated Entity is exposed to through its financial instruments are market risk (relating to interest rate risk and foreign currency risk), liquidity risk and credit risk.

Risk management is carried out by the Consolidated Entity's finance function under policies and objectives approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. The Board receives monthly financial reports on the Consolidated Entity's performance including, where applicable, any issues relating to financial risk management.

Specific information regarding the mitigation of each financial risk to which the Consolidated Entity is exposed is provided below.

(a) Market Risk

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rate will affect the Consolidated Entity's income.

(i) Foreign Exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Consolidated Entity holds financial instruments which are other than in the Consolidated Entity's functional currency (Australian Dollars).

The Consolidated Entity is exposed to foreign exchange fluctuations in relation to:

- Cash generated for working capital purposes, denominated in foreign currencies
- Net investments in foreign operations, namely Vietnam and Malaysia.

Exchange rate exposures are managed within approved policy parameters and material movements are not expected. The Consolidated Entity does not enter into any forward exchange contracts to buy or sell specified foreign currencies.

(ii) Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. As at 30 June 2013, the Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial instrument is as follows:

	Weighted average effective interest rate		Floating interest rate		Non-interest bearing		Total	
	2013 %	2012 %	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Financial Assets								
Cash and cash equivalents	5.6	12.3	19,452,250	4,653,634	9,951,955	5,702,518	29,404,205	10,356,152
Receivables					3,179,668	670,684	3,179,668	670,684
Total financial asset			28,265,086	9,800,222	4,318,786	1,226,614	32,583,872	11,026,836
Financial Liabilities								
Trade and other payables	-	-	0	0	11,447,235	8,818,170	11,447,235	8,818,170
Total financial liabilities			0	0	11,447,235	8,818,170	11,447,235	8,818,170

An assessment of the sensitivity of the Consolidated Entity's exposure to interest rate movements was performed, and was found to be immaterial for the purposes of this disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 31:FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity Risk

Liquidity risk arises from the Consolidated Entity's management of its working capital. It is the risk that the Consolidated Entity will encounter difficulty in meeting its financial obligations as they fall due. The Consolidated Entity's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Consolidated Entity maintains cash to meet all its liquidity requirements and manages its liquidity by carefully monitoring cash outflows due in a day-to-day and week-to-week basis. Furthermore, the Consolidated Entity's long term liquidity needs are identified in its annual Board-approved budget, and updated on a quarterly basis through revised forecasts. The financial liabilities are due and payable within six months of the end of the reporting period.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Consolidated Entity. Credit risk arises from cash and cash equivalents, as well as credit exposure to customers, including outstanding receivables and committed transactions. The Consolidated Entity has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairments of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors.

(e) Net Fair Values

For financial assets and liabilities the net fair value approximates their carrying value. By the date of this report, all trade receivables and trade payables at the end of the reporting period had been settled in full.

NOTE 32: PARENT ENTITY FINANCIAL INFORMATION

Donaco Singapore Pte Ltd was acquired by Donaco International Limited on 1 February 2013. As required by Australian Accounting Standard AASB3: Business Combinations, Donaco International Limited is deemed to have been acquired by Donaco Singapore as at 1 February 2013 under the reverse acquisition rules. Accordingly, Donaco Singapore Pte Ltd is the Parent Entity for accounting purposes. Donaco International Limited is the legal parent.

The following information has been extracted from the books and records of the legal parent, Donaco International Limited, and has been prepared in accordance with Australian Accounting Standards. Accordingly the information presented below does not relate to "the Parent Entity" as defined on page 13.

	Note	Parent Entity 2013 $	Parent Entity 2012 $
Results for the parent entity:			
Net profit (Loss)		(491,198)	(1,674,360)
Other comprehensive income		0	0
Total comprehensive loss for the year		(491,198)	(1,674,360)
Current Assets		4,369,342	995,046
Investments		32,059,157	90
Total Assets		36,444,258	1,000,798
Current Liabilities		560,320	400,316
Total Liabilities		712,160	656,820
Net Assets		35,732,098	343,978
Total equity of the parent entity			
Contributed equity		86,030,839	50,580,653
Reserves		0	47,455
Retained Earnings (Losses)		(50,298,741)	(50,284,130)
Total Equity		35,732,098	343,978

Parent Entity Contingencies

The directors are of the opinion that no provisions are required in respect of the Company's contingencies.

Guarantees

The Company has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contractual Commitments

At 30 June 2013 the Company has not entered into any contractual commitments for the acquisition of property, plant and equipment (2012: Nil).

NOTE 33: EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 24 July 2013, the Company announced that it had signed a non-binding memorandum of understanding with its joint venture partner to increase its stake in the Lao Cai International Hotel joint venture by 20%, for a total cost of US$4 million. At the date of this report, the transfer of the stake had not yet been completed.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS DECLARATION

FOR THE YEAR ENDED 30 JUNE 2013

In the opinion of the directors of Donaco International Limited (the "Company"):

1. the consolidated financial statements and notes set out on pages 27 to 76 and the Remuneration Report set out on pages 19 to 25 in the Directors' Report, are in accordance with the Corporations Act 2001, and:
   (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
   (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date, and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

Stuart McGregor

Mr. S. McGregor
Chairman

Sydney

27 September 2013

INDEPENDENT AUDIT REPORT TO MEMBERS

FOR THE YEAR ENDED 30 JUNE 2013

William Buck

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

Report on the Financial Report

We have audited the accompanying consolidated financial report of comprising Donaco International Limited (the Company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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

Auditor's Opinion

In our opinion:

a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 25 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Donaco International Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Donaco International Limited for the year ended 30 June 2013 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 report refers only to the 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 audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck
Chartered Accountants
ABN 16 021 300 521

L.E. Tutt
Partner
Sydney, 27 September 2013

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2013

The shareholder information set out below was applicable as at 31 August 2013.

Issued Securities

Security	Number on Issue	Number of holders
Quoted Securities		
Ordinary Shares (DNA)	371,719,896	872
Bonus Options (DNAO)	7,057,082	572

- These options have an exercise price of $0.30.

Security	Number on Issue	Number of holders
Unquoted Securities		
Unlisted Options	812,500	1

- These options have an exercise price of $0.56 and are held by Main Ace Investments Limited.

Voting Rights

Ordinary Shares

The fully paid ordinary shareholders of the Company are entitled to vote at any meeting of the members of the Company, and their voting rights are:

- On a show of hands – one vote per shareholder; and
- On a poll – one vote per fully paid ordinary share.

Options

There are no voting rights attached to options. Upon exercise of the option, the issued shares will confer full voting rights.

Distribution of Equity Securities

Holding Range	Ordinary Shares	Bonus Options
1 - 1,000	235	290
1,001 - 5,000	202	138
5,001 - 10,000	70	39
10,001 - 100,000	282	86
100,001 and over	83	19
Total Number of Holders	872	572

Unmarketable Parcels:	Min Parcel Size	Holders	Units
Minimum $500.00 parcel at $0.49 per unit	1,021 shares	235	95,884

On Market Buy-Back

There is no current on market buy back.

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2013

Substantial Holders

Ordinary Shares

Name of Substantial Holder	Number Held	% of Issued Securities
Lim Keong Yew	244,366,355	65.75
- Relevant interests held in the following names:		
Slim Twinkle Limited	104,112,382	28.01
Convent Fine Limited	98,713,818	26.56
Lim Keong Yew	41,540,155	11.18
Lim Keong Hoe	202,826,200	54.57
- Relevant interests held in the following names:		
Slim Twinkle Limited	104,112,382	28.01
Convent Fine Limited	98,713,818	26.56

Bonus Options

Nil

Twenty Largest Quoted Security Holders

Ordinary Shares

Rank	Name	Number Held	% of Issued Securities
1	CONVENT FINE LIMITED	98,713,818	26.556
2	SLIM TWINKLE LIMITED	62,572,227	16.833
3	KEONG YEW LIM	41,540,155	11.175
4	ROYAL BANK OF CANADA SINGAPORE <SLIM TWINKLE LTD A/C>	41,540,155	11.175
5	NATIONAL NOMINEES LIMITED	17,193,570	4.625
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,472,912	3.893
7	WAVEHILL INVESTMENTS PTY LTD	10,917,404	2.937
8	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	10,098,755	2.717
9	CITICORP NOMINEES PTY LIMITED	7,904,803	2.127
10	LEE CHIN WEE	7,467,105	2.009
11	J P MORGAN NOMINEES AUSTRALIA LIMITED	6,583,010	1.771
12	MADELENE SIANG LIN TAN	3,763,771	1.013
13	MS POH LENG SAW	3,000,000	0.807
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,453,814	0.660
15	UBS NOMINEES PTY LTD	2,400,000	0.646
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	2,150,830	0.579
17	HOLDEX NOMINEES PTY LTD <NO 392 A/C>	2,005,000	0.539
18	PICTON COVE PTY LTD	1,726,000	0.464
19	DEMETA PTY LTD	1,713,570	0.461
20	CHUN WEE NA	1,555,000	0.418

CORPORATE DIRECTORY

FOR THE YEAR ENDED 30 JUNE 2013

ASX Code

DNA

Corporate Head Office

Suite 2.02
55 Miller Street
Pyrmont NSW 2009
Australia

Registered Office

Suite 2.02
55 Miller Street
Pyrmont NSW 2009
Australia

Company Secretary

Mr Benedict Paul Reichel

Share Registry

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

Auditors

William Buck NSW
Level 29, 66 Goulburn Street
Sydney NSW 2000
Australia

exquisite interiors

deluxe facilities

retail luxury

poolside nightlife