

RESULTS FOR ANNOUNCEMENT TO THE MARKET

AS AT 31 DECEMBER 2013

1. Results for Announcement to the Market

Reporting Period: 1 July 2013 to 31 December 2013
Previous Corresponding Period: 1 July 2012 to 31 December 2012

	Current period \$	% change increase
Revenue from ordinary activities	12,942,366	80%
Profit from ordinary activities after tax attributable to members	2,955,162	9%
Net profit for the period attributable to members	2,955,162	9%

2. Dividend Information

The directors do not recommend the payment of a dividend in relation to the financial period ended 31 December 2013 (2012: Nil)

3. Net Tangible assets per share

	Current period \$	Previous period \$
Net tangible asset backing per ordinary share	0.18	3,549

Net tangible asset backing per ordinary share is calculated using 401,051,771 shares as at 31 December 2013 (2012: 3000)

4. Details of Joint Venture Entities

Name of Joint Venture Company			Dec-13 % holding	Jun-13 % holding
			75%	75%
Lao Cai International Hotel Joint Venture Company	Dec-13 \$ Profit	Dec-12 \$ Profit	2013 % of profits	2012 % profits
	3,476,692	3,412,912	75%	75%

5. Details of entities over which control was gained.

Name of Entity	Date of gain of Control
None.	

**DONACO INTERNATIONAL LIMITED
&
CONTROLLED ENTITIES**

ABN 28 007 424 777

**INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2013**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Donaco International Limited during the interim reporting period, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Donaco International Limited (the Company) and its controlled entities, for the half-year ended 31 December 2013.

Director Details

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

Mr Stuart James McGregor	Chairman
Mr Joey Lim Keong Yew	Managing Director
Mr Benedict Paul Reichel	Executive Director
Mr Gerald Nicholas Eng Hoe Tan	Non-Executive Director (resigned 2nd September 2013)
Mr Benjamin Lim Keong Hoe	Non-Executive Director
Mr Mak Siew Wei	Non-Executive Director (resigned 23rd December 2013)
Mr Robert Andrew Hines	Non-Executive Director (appointed 1st November 2013)

Review of Operations

The Company's flagship business is the Lao Cai International Hotel, a successful boutique hotel and casino located in Lao Cai, Vietnam, on the border with Yunnan Province, China. The hotel caters primarily to Chinese citizens from Yunnan. Vietnamese citizens are not permitted to enter casinos within Vietnam.

During the six months ending on 31 December 2013, the Lao Cai International Hotel posted a 44% increase in VIP gaming turnover, compared to the previous corresponding period (the December 2012 half year). This was driven by an influx of higher spending VIP customers, reflecting the success of the Company's ongoing junket market program.

Total visitation to the casino declined slightly (3.2%), primarily as a result of bad weather which reduced the number of walk-in customers. In September 2013, heavy rains caused a temporary closure of the border crossing from China, and in December 2013, exceptionally cold weather caused snow to fall in the highlands surrounding Lao Cai. Due to the decline in walk-in customers, mass market turnover declined by 15%. This was more than outweighed by the growth in VIP turnover, with total table game turnover increasing by 33% overall.

The win rate on table games improved slightly, from 2.76% to 2.99% overall. This breaks down into a win rate of 3.00% on VIP table games, and 2.92% on mass market table games.

The Company does not currently report normalised results, based on a theoretical win rate. This is due to the relatively small size of the current operation (with 8 licensed tables); the rapid growth it is experiencing; and the fact that the Company is currently building a much larger five star hotel in Lao Cai, which is expected to open with 40 gaming tables. Once the new property has opened and has established some trading history, the Company will give consideration to reporting normalised results.

Slot machine turnover showed very strong growth of 122%, primarily due to the introduction of 12 new machines in February 2013. These have proven to be far more popular with customers than the 24 older machines, which are also still operating. The overall win rate on slot machines declined from 29.31% to 21.22%, due to jackpots which were won in August and October 2013. However this was more than outweighed by the increase in turnover, leading to a 60.3% increase in revenue.

Overall, net revenue from gaming operations (after gaming tax) increased by 51.8%, from \$5.87m to \$8.92m. Hotel food and beverage and accommodation revenue declined slightly (1.5%), from \$0.404m to \$0.398m.

The Company continues to focus on the construction of its new five star hotel in Lao Cai, which continues to be under budget, at an expected total construction cost of USD53m. The property is on track for a soft opening in May 2014, which is expected to give sufficient time for the re-registration of the Company's investment certificate. This process is currently under way, and once completed, the casino and hotel operations will be permitted to relocate to the new site.

In November 2013, the Vietnamese authorities gave an indicative grant of a maximum of 50 gaming tables at the new Lao Cai Hotel, with a minimum of 26 tables. While the final number is still to be resolved, management currently plans to open the new hotel with 40 tables.

DIRECTORS' REPORT continued

The Company also operates Gaming Technology businesses, consisting primarily of iSentric Sdn Bhd, a successful mobile commerce business based in Kuala Lumpur. iSentric has significant interests and expertise in almost every segment of the mobile services sector, including mobile content distribution, mobile payment aggregation, mobile banking and bespoke corporate mobility solutions.

The Gaming Technology team also provides technology services to the Company's core hotel and casino business in Vietnam. This includes advising on the property management system, loyalty program, third party system integration, and network design. In addition, the Gaming Technology team manages the Way2Bet wagering marketing portal in Australia.

During the December 2013 half year, the Gaming Technology operations posted total revenue of \$3.25m, with EBITDA of \$0.37m.

Compared to the December 2012 half year, the Company's operating costs (before non-recurring items) increased from \$2.01m to \$6.89m. The most significant area of increase was in cost of sales, which rose from \$0.34m to \$2.55m, with all of the increase due to the cost of sales incurred by the iSentric business (which was not part of the Consolidated Group in the December 2012 half year). The other main area of increase was in corporate functions. In the December 2012 half year, Donaco Singapore was a private company; by December 2013, it was part of a public company group listed on the ASX, with market capitalisation of around \$400m. As a result, additional costs are now required to be incurred in the areas of Board and senior management fees, travel costs, listing fees, audit fees, tax advice, and other regulatory costs.

During the half year, the Company successfully completed a \$25 million capital raising, to ensure sufficient liquidity for the expanded casino business, and to invest in marketing. The Board was also restructured and strengthened, with the appointment of Mr Rob Hines as a non-executive director. Mr Hines is one of Australia's leading gaming and wagering executives. During the half year, Mr Gerald Tan and Mr Mak Siew Wei also resigned from the Board.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 201 is included on page 4 of this financial report and forms part of this Directors report.

Signed in accordance with the resolution of the directors.



Mr. S. McGregor
Chairman

Sydney
25th February 2014

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

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

L.E. Tutt

L.E. Tutt
Partner
Sydney, 25 February 2013

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

**CONSOLIDATED STATEMENT OF
 FINANCIAL POSITION
 AS AT 31 DECEMBER 2013**

	Note	31-Dec-13 \$	30-Jun-13 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	41,071,732	29,404,205
Trade and other receivables		1,997,338	3,179,668
Inventories		253,443	225,210
Prepaid construction costs	6	22,022,090	12,354,840
Other current assets		827,060	108,464
Total Current Assets		66,171,663	45,272,387
Non Current Assets			
Property, plant and equipment		1,538,829	1,552,965
Intangible assets		9,796,836	9,796,836
Construction in progress	6	29,390,071	12,336,321
Other non current assets		221,766	215,455
Total Non -Current Assets		40,947,502	23,901,577
TOTAL ASSETS		107,119,165	69,173,964
LIABILITIES			
Current Liabilities			
Trade and other payables		11,363,701	11,447,235
Current tax liabilities		7,215,326	5,171,114
Provisions		446,441	457,146
Other current liabilities		129,836	63,043
Total Current Liabilities		19,155,304	17,138,538
Non Current Liabilities			
Borrowings	5	6,715,114	0
Provisions		36,424	32,969
Total Non Current Liabilities		6,751,538	32,969
TOTAL LIABILITIES		25,906,842	17,171,507
NET ASSETS		81,212,323	52,002,457
EQUITY			
Contributed equity	9	57,926,887	34,692,937
Retained Earnings	8	15,999,539	12,745,584
Reserves		2,296,773	964,632
Total Equity attributable to equity holders of Donaco International Limited		76,223,199	48,403,153
Non-controlling interests		4,989,124	3,599,304
TOTAL EQUITY		81,212,323	52,002,457

**CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Note	6 months to 31-Dec-13 \$	6 months to 31-Dec-12 \$
Revenue	3	12,572,441	6,273,938
Other income	3	369,925	911,497
Cost of sales		(2,533,040)	(337,645)
Employee benefits expense		(2,641,440)	(1,118,562)
Depreciation, amortisation and impairment		(128,844)	(79,469)
Finance costs		0	0
Property costs		(243,633)	(180,434)
Marketing and promotions		(306,416)	(72,394)
Professional & consultants		(113,767)	(218,891)
Legal & compliance		(199,948)	(111,718)
Telecommunications and hosting		(107,265)	(37,184)
Impairment		0	0
Other expenses from ordinary activities		(748,408)	(383,769)
Profit before tax		5,919,605	4,645,369
Income tax expense		(1,708,198)	(1,118,041)
Profit for the period		4,211,407	3,527,328
Profit for the period is attributable to:			
Equity holders in Donaco International Limited		2,955,162	2,699,698
Non-controlling interests		1,256,245	827,630
Profit for the period		4,211,407	3,527,328
Other Comprehensive Income			
Items that may be reclassified to profit and loss (net of tax)			
Net movement of foreign currency translation reserve		1,464,509	103,102
Total Other Comprehensive Income		1,464,509	103,102
Total Comprehensive income for the period net of tax		5,675,916	3,630,430
Total Comprehensive Income for the period is attributable to:			
Equity Holders		4,286,096	2,802,800
Non controlling interest		1,389,820	827,630
Total Comprehensive income for the period net of tax		5,675,916	3,630,430
Earnings per share:			
Basic earnings per share (\$)	7	0.008	900
Diluted earnings per share (\$)	7	0.008	900

**CONSOLIDATED STATEMENT OF
 CHANGES IN EQUITY
 FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Contributed Equity	Reserves	Retained Earnings	Non Controlling Interest	Total
	\$	\$	\$	\$	\$
<u>6 months to 31 December 2013</u>					
Opening Balance 1 July 2013	34,692,937	964,633	12,745,584	3,599,303	52,002,457
Profit for the year	0	0	2,955,162	1,256,245	4,211,407
Other comprehensive income	0	1,332,140	(1,207)	133,575	1,464,509
Total comprehensive income	0	1,332,140	2,953,955	1,389,820	5,675,916
Transactions with owners recognised during the year					
Shares issued during the year	25,218,761	0	0	0	25,218,761
Unissued shares	(300,000)	0	300,000	0	0
Share issue expense	(1,684,811)	0	0	0	(1,684,811)
	23,233,950	0	300,000	0	23,533,950
Balance at 31 December 2013	57,926,887	2,296,773	15,999,539	4,989,123	81,212,323

6 months to 31 December 2012

Opening Balance 1 July 2012	1,625	(329,875)	5,712,851	1,989,823	7,374,423
Profit for the year	0	0	2,699,698	827,630	3,527,328
Other comprehensive income	0	103,102	0	0	103,102
Total comprehensive income	0	103,102	2,699,698	827,630	3,630,430
Transactions with owners recognised during the year					
Dividends paid to NCI	0	0	0	(358,044)	(358,044)
	0	0	0	(358,044)	(358,044)
Balance at 31 December 2012	1,625	(226,773)	8,412,549	2,459,409	10,646,810

**CONSOLIDATED STATEMENT OF
CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Note	31-Dec-13 \$	31-Dec-12 \$
Cash flows from operating activities			
Receipts from customers		17,438,859	9,189,449
Payments to suppliers and employees		(7,283,491)	(2,104,661)
Interest and other costs of finance		60,762	0
Government levies, gaming taxes and GST		(3,027,918)	(1,765,330)
Net operating cash flows		7,187,749	5,319,458
Cash flows from investing activities			
Purchase of property, plant and equipment		(26,795,877)	(5,644,656)
Proceeds from disposal of property, plant and equipment		(772)	0
Proceeds from disposal of investments		82,982	51,363
Loans to related parties		(32,327)	0
Net investing cash flows		(26,745,993)	(5,593,293)
Cash flows from financing activities			
Proceeds from issue of shares		25,256,125	0
Payment of equity raising expenses		(1,684,811)	0
Loans to related parties		0	(2,384,239)
Dividends paid by controlled entities to non-controlling interests		0	(369,012)
Loans from financial institutions		6,707,331	0
Net financing cash flows		30,278,646	(2,753,251)
Net increase in cash and cash equivalents		10,720,401	(3,027,086)
Effects of exchange rate changes on balances of cash held in foreign currencies		947,126	0
Cash and cash equivalents at beginning of the year		29,404,205	10,389,994
Cash and cash equivalents at end of the year	4	41,071,732	7,362,908

NOTES TO THE HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2013

Note 1: Basis of preparation of the half year final report

(a) Reporting Entity

Donaco International Limited (the "Company") is a company domiciled in Australia. The consolidated half-year financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its controlled entities (together referred to as the "Group" or "Consolidated Entity").

The consolidated entity for the period ended 31 December 2012 means Donaco Singapore Pte Ltd and its subsidiaries. Donaco Singapore Pte Ltd and its subsidiaries were acquired by Donaco International Limited (the legal parent) on 1st February 2013 as part of a reverse acquisition transaction as disclosed in Note 1(b) to the annual financial statements for the year ended 30 June 2013.

(b) Statement of Compliance

The condensed interim consolidated half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The report is presented in Australian dollars (\$), which is the functional currency of the legal parent.

The consolidated half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Donaco International Limited and its controlled entities during the half year in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

This consolidated half-year financial report was approved by the Board of Directors on Tuesday 25 February, 2014.

Note 2: Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 30 June 2013, except for the application of the following standards as of 1 July 2013;

- AASB 10 Consolidated Financial Statements
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits (September 2011)

AASB10 Consolidated Financial Statements

AASB10 supersedes AASB 127 "Consolidated and Separate Financial Statements" and Interpretation 112 "Consolidation - Special Purpose Entities" AASB10 revises the definition of control and provides new guidance on its application.

Under the new principles, the group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification of any of the Group's investees held during the current period or comparative periods, covered by these financial statements.

NOTES TO THE HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2013

Note 2: Significant accounting policies continued

AASB 13 Fair Value Measurement

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.

The implementation of this standard did not impact the groups accounting policies or the measurement of any amounts recognised on the financial statements. The standard did however introduce additional disclosure requirements.

AASB 119 Employee Benefits

AASB 119 Employee Benefits 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. This has resulted in the accounting policy applied to the group's annual leave obligation, as the group does not expect all annual leave to be taken within twelve months of the respective service being provided. The group's annual leave obligations are now considered other long term benefits for measurement purposes and the benefits are now measured on a discounted basis.

The implementation of this standard did not significantly impact the Consolidated Entity's financial statements.

NOTES TO THE HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2013

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 three 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.

Corporate Operations

Consists of interest income from cash holdings, together with costs incurred due to the Company's status as a public company listed on the ASX, including Board, senior management, travel costs, listing fees, audit fees, tax advice, and other regulatory costs.

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

(b) Reportable Segments

The segment information provided to the CODM for the reportable segments for the interim period ended 31 December 2013 is as follows:

6 months to 31 December 2013	Casino Operations	Gaming Technology Operations	Corporate Operations	Total
Total Segment Revenues	9,513,452	3,258,251	170,663	12,942,366
Inter-segment Revenues	0	0	0	0
Revenue from External Customers	9,513,452	3,258,251	170,663	12,942,366
Total Segment Costs	(3,147,706)	(2,897,526)	(977,529)	(7,022,761)
Segment Result before tax and NCI	6,365,746	360,725	(806,866)	5,919,605
EBITDA (i)	5,030,773	369,035	(977,529)	4,422,279
Depreciation & Amortisation	116,925	11,919	0	128,844
EBIT(ii)	4,913,848	357,116	(977,529)	4,293,435
Capital Expenditure	51,412,161	0	0	51,412,161
Segment Assets	69,439,127	2,940,291	34,739,747	107,119,165
Segment Liabilities	24,374,282	1,290,933	241,627	25,906,842

NOTES TO THE HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2013

NOTE 3: Segment Information continued

6 months to 31 December 2012	Casino Operations	Gaming Technology Operations	Corporate Operations	Total
Total Segment Revenues	7,185,435	0	0	7,185,435
Inter-segment Revenues	0	0	0	0
Revenue from External Customers	7,185,435	0	0	7,185,435
Total Segment Costs	(2,540,066)	0	0	
Segment Result before tax and NCI	4,645,369	0	0	4,645,369
EBITDA (i)	2,985,711	0	0	2,985,711
Depreciation & Amortisation	79,469	0	0	79,469
EBIT(ii)	2,906,242	0	0	2,906,242
Capital Expenditure	24,691,161	0	0	24,691,161
Segment Assets at 30 June 2013	52,571,603	16,602,361	0	69,173,964
Segment Liabilities at 30 June 2013	15,500,513	1,670,994	0	17,171,507

(i)

Segment EBITDA comprises profit before depreciation and amortisation, net finance costs, interest income, tax, net gain on sale of investments, net foreign exchange gain or loss, corporate operating costs and transaction related costs.

(ii)

Segment EBIT comprises profit before net finance costs, interest income, tax, net gain on sale of investments, net foreign gain or loss, corporate operating costs and transaction related costs.

(c) 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:

	6 months to 31/12/2013	6 months to 31/12/2012
Segment EBITDA	4,422,279	2,985,711
Interest Revenue	171,547	50,601
Exchange Gains on investing Activities	195,948	0
Depreciation	(128,844)	(79,469)
Non-controlling Interest	1,256,245	827,630
Other	2,430	860,896
Profit before tax per statement of Profit or loss & other comprehensive income	5,919,605	4,645,369

NOTES TO THE HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2013

	31-Dec-13 \$	30-Jun-13 \$
Note 4: Cash and Cash Equivalents		
Cash on hand	4,970,686	9,951,954
Cash at bank	6,563	12,050,857
Bank deposits with original maturities of less than 3 months	36,094,484	7,401,394
Cash and Cash Equivalents	41,071,732	29,404,205

Note 5: Borrowings

Joint Stock Commercial Ocean Bank ₁

	31-Dec-13 \$	30-Jun-13 \$
	6,715,114	0
Represented by:		
Opening Balance	0	0
Withdrawals		0
- VND 60,000,000,000	7 years 7% pa 3,187,678	0
- VND 43,899,534,000	7 years 12.5% pa 2,332,293	0
- USD 1,069,383	7 years 6% pa 1,195,143	0
Closing Balance	6,715,114	0

1. On 11th July 2011, the Lao Cai International Hotel Joint Venture (the Borrower) entered into a loan agreement with Joint Stock Commercial Oceanbank (the Lender) for a lending facility of VND 180 billion Vietnamese dong, for use towards construction of the new Lao Cai International Hotel. As at 31 December 2013, VND 103,899,534 and USD 1,069,383 had been withdrawn at a valuation of AU\$6,715,114. The term of the loan is 7 years payable by 2nd October 2020. A second agreement signed on 25 December 2013 is for a lending facility of VND 180 billion Vietnamese dong. As at 31 December 2013, no amounts have been drawn down on this additional facility. The net assets of the Lao Cai International Hotel are mortgaged over this facility.

Note 6: Construction in Progress

	31-Dec-13 \$	31-Dec-12 \$
Current		
Prepaid Construction Costs	22,022,090	12,354,840
Movements in Carrying Amounts		
Carrying amount at beginning of the financial period	12,767,966	4,402,953
Additions	25,094,139	4,553,981
Transfers to Construction in progress	(15,840,015)	(5,441,551)
Carrying amounts at the end of the financial period	22,022,090	3,515,383
Non-Current		
Construction in progress	29,390,071	12,336,321
Movements in Carrying Amounts		
Carrying amount at beginning of the financial period	12,787,120	3,049,110
Additions	762,936	134,659
Transfers from Prepaid Construction Costs	15,840,015	5,441,551
Carrying amounts at the end of the financial period	29,390,071	8,625,320

NOTES TO THE HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2013

NOTE 9: 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 10: 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.

	31-Dec-13	30-Jun-13
	\$	\$
Payable:		
Not later than 1 year	147,077	153,482
Later than 1 year but not later than 5 years	128,017	96,000
Later than five years	0	0
	<u>275,094</u>	<u>249,482</u>

(b) Capital Commitments

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

	31-Dec-13	30-Jun-13
	\$	\$
Payable:		
Not later than 1 year	12,591,461	31,648,297
Later than 1 year but not later than 5 years	1,520,370	924,017
Later than five years	0	0
	<u>14,111,831</u>	<u>32,572,314</u>

NOTE 11: Events after the reporting date

On 24 July 2013 the Company announced that it had signed a non-binding Memorandum of Understanding (MOU) with its joint venture partner, PetroVietnam Sapa Tourism Joint Stock Company (PVST), to increase the Company's stake in the Lao Cai International Hotel Joint Venture Company (JVC). Previously the Company owned 75% of the JVC, with the remaining 25% held by PVST, which is an entity owned by the Government of Vietnam. Under the MOU, the Company was to increase its stake in the JVC to 95%, with the remaining 5% continuing to be held by the Government of Vietnam.

On 30 December 2013, the Company announced that it had signed a binding Capital Transfer Agreement to implement the transfer of the 20% stake, in accordance with the MOU.

On 4 February 2014, the Company announced that the formal requirements for the transfer had been completed, and that the Company now owns 95% of the JVC, with effect from 1 January 2014. Total acquisition costs of USD4 million were paid in January 2014. The remaining 5% stake was transferred from PVST to Lao Cai Tourism Co Ltd, an entity also owned by the Government of Vietnam.

NOTE 12: Fair value measurement of financial instruments

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.

DIRECTORS' DECLARATION

In the opinion of the directors of Donaco International Limited:

The financial statements and notes as set out on pages 5 – 15 are in accordance with the Corporations Act 2001, including:

complying with Accounting Standard AASB 134: Interim Financial Reporting; and

giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.

In the Director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Mr. S. McGregor
Chairman
Sydney
25th February 2014

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Donaco International Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated condensed statement of financial position as at 31 December 2013, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

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

Independence

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

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

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

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

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

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

William Buck
Chartered Accountants
ABN 16 021 300 521

A handwritten signature in black ink that reads 'L.E. Tutt'.

L.E. Tutt
Partner
Sydney, 25 February 2013

CORPORATE INFORMATION

AS AT 31 DECEMBER 2013

NAME	DONACO INTERNATIONAL LIMITED
ABN	28 007 424 777
ASX	DNA
DIRECTORS	Stuart James McGregor Joey Lim Keong Yew Benedict Paul Reichel Benjamin Lim Keong Hoe Robert Andrew Hines (appointed 1.11.2013)
COMPANY SECRETARY	Benedict Paul Reichel
REGISTERED OFFICE	Donaco International Limited Suite 2.02 55 Miller Street Pyrmont NSW 2009
BANKERS	Bankwest PO Box E237 Perth WA 6841
SHARE REGISTER	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000
AUDITORS	William Buck Level 29 66 Goulburn Street Sydney NSW 2000