

Donaco International Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Donaco International Limited
ABN:	28 007 424 777
Reporting period:	For the year ended 30 June 2015
Previous period:	For the year ended 30 June 2014

2. Results for announcement to the market

			\$
Revenues from ordinary activities*	down	30.2% to	20,407,702
Loss from ordinary activities after tax attributable to the owners of Donaco International Limited	down	143.1% to	(2,928,075)
Loss for the year attributable to the owners of Donaco International Limited	down	143.1% to	(2,928,075)

	Normalised Results			Actual Results		
	\$	\$	%	\$	\$	%
	2015	2014		2015	2014	
Operating Revenue (from continuing operations)	30,795,240	20,334,357	51%	17,069,618	19,471,405	-12%
Cost of sales	(2,208,639)	(1,270,995)		(2,208,639)	(1,270,995)	
Operating expenses	(8,550,718)	(5,969,270)		(8,550,718)	(5,969,270)	
Minority Interest	(478,885)	(1,398,501)		72,326	(1,476,679)	
Property Level EBITDA	19,556,998	11,695,591		6,382,587	10,754,461	
EBITDA from discontinued operations	34,930	2,086,096		34,930	2,086,096	
Corporate costs	(5,867,222)	(2,845,242)		(5,867,222)	(2,845,242)	
Group EBITDA	13,724,706	10,936,445	25%	550,295	9,995,315	-94%
Net Interest	356,876	1,005,465		356,876	1,005,465	
Other income	1,769,566	121,674		1,769,566	121,674	
Non-recurring costs	(715,187)	(1,134,099)		(715,187)	(1,134,099)	
Depreciation and Amortisation	(4,859,863)	(292,090)		(4,859,863)	(292,090)	
Income tax expense	(2,731,164)	(3,079,856)		(29,762)	(2,902,862)	
Net profit (loss) after tax (exc. non-recurring items)	8,260,121	8,691,638	-5%	(2,212,888)	7,927,502	128%
Net profit (loss) after tax (inc. non-recurring items)	7,544,934	7,557,539	0%	(2,928,075)	6,793,403	143%

Normalised results adjust the revenue received from the VIP table games business, by applying a theoretical win rate of 2.85% to VIP rolling chip turnover. This provides a more accurate guide to the underlying operating performance of the VIP table games business, which can experience significant volatility over shorter periods. The theoretical win rate is the expected win rate on VIP table games over time. Accordingly, the normalised result requires adjustments to VIP gross revenue, gaming taxes, income tax and minority interests. Normalised results are the best way of assessing the performance of the business, as normalisation removes the inherent volatility in VIP gaming revenues.

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$2,928,075 (30 June 2014: profit of \$6,793,403).

*Revenue from ordinary activities includes both continuing and discontinued operations, and interest income.

Full details and commentary on the performance of the consolidated entity are provided in the ASX release and FY15 Results Presentation released to the market on 27 August 2015.

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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>40.22</u>	<u>30.29</u>

4. Control gained over entities

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

5. Loss of control over entities

Name of entities (or group of entities)	iSentric Sdn Bhd and Way2Bet Pty Ltd	
Date control lost	8 September 2014 and 31 October 2014	
		\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)		2,201,761
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)		1,570,130

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
Lao Cai International Hotel Joint Venture Company	95.00%	95.00%	(252,927)	12,125,563
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(252,927)	12,125,563
Income tax on operating activities			-	2,860,637

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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


This Preliminary Final Report for the year ended 30 June 2015 is based on accounts which are currently being audited by the company's independent auditor, William Buck.

11. Attachments

Details of attachments (if any):

The Preliminary Final Report of Donaco International Limited for the year ended 30 June 2015 is attached.

12. Signed

Signed 

Date: 27 August 2015

Mr Stuart McGregor
Chairman
Sydney

Donaco International Limited

ABN 28 007 424 777

Preliminary Final Report - 30 June 2015

Donaco International Limited

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General information

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

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

Suite 2.02
55 Miller Street
Pyrmont NSW 2009

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 August 2015. The directors have the power to amend and reissue the financial statements.

Donaco International Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	Consolidated 2015 \$	2014 \$
Revenue from continuing operations	2	19,108,431	21,111,819
Other income	3	(427,602)	121,674
Expenses			
Cost of sales	4	(2,208,639)	(1,270,995)
Employee benefits expense		(9,902,974)	(5,882,036)
Depreciation and amortisation expense	4	(4,857,120)	(270,153)
Legal and compliance		(605,044)	(452,412)
Marketing and promotions		(269,058)	(510,722)
Professional and consulting fees		(1,058,511)	(300,346)
Property costs		(1,202,828)	(545,837)
Telecommunications and hosting		(171,965)	(176,299)
Other expenses		(1,924,054)	(2,231,618)
Finance costs		(1,683,159)	(920)
Profit/(loss) before income tax (expense)/benefit from continuing operations		(5,202,523)	9,592,155
Income tax (expense)/benefit		361	(2,892,203)
Profit/(loss) after income tax (expense)/benefit from continuing operations		(5,202,162)	6,699,952
Profit after income tax expense from discontinued operations	5	2,201,761	1,570,130
Profit/(loss) after income tax expense for the year		(3,000,401)	8,270,082
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		12,412,538	(1,316,108)
Other comprehensive income for the year, net of tax		12,412,538	(1,316,108)
Total comprehensive income for the year		9,412,137	6,953,974
Profit/(loss) for the year is attributable to:			
Non-controlling interest		(72,326)	1,476,679
Owners of Donaco International Limited	7	(2,928,075)	6,793,403
		(3,000,401)	8,270,082
Total comprehensive income for the year is attributable to:			
Continuing operations		(72,326)	1,603,297
Discontinued operations		-	-
Non-controlling interest		(72,326)	1,603,297
Continuing operations		7,203,984	3,780,547
Discontinued operations		2,280,479	1,570,130
Owners of Donaco International Limited		9,484,463	5,350,677
		9,412,137	6,953,974

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

Donaco International Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	Consolidated 2015 \$	2014 \$
		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Donaco International Limited			
Basic earnings per share	9	(0.95)	1.70
Diluted earnings per share	9	(0.91)	1.66
Earnings per share for profit from discontinued operations attributable to the owners of Donaco International Limited			
Basic earnings per share	9	0.41	0.51
Diluted earnings per share	9	0.39	0.50
Earnings per share for profit/(loss) attributable to the owners of Donaco International Limited			
Basic earnings per share	9	(0.54)	2.22
Diluted earnings per share	9	(0.52)	2.16

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

Donaco International Limited
Statement of financial position
As at 30 June 2015

	Note	Consolidated	
		2015	2014
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	210,175,119	98,034,937
Trade and other receivables		2,064,923	802,301
Inventories		700,866	1,405,726
Prepaid construction costs		273,207	18,815,625
Other		11,883,206	2,207,269
		<u>225,097,321</u>	<u>121,265,858</u>
Assets of disposal groups classified as held for sale		-	5,706,816
Total current assets		<u>225,097,321</u>	<u>126,972,674</u>
Non-current assets			
Property, plant and equipment		82,056,299	5,928,356
Intangibles		2,426,187	9,796,836
Construction		205,737	39,151,630
Other		533,765	18,637
Total non-current assets		<u>85,221,988</u>	<u>54,895,459</u>
Total assets		<u>310,319,309</u>	<u>181,868,133</u>
Liabilities			
Current liabilities			
Trade and other payables		16,016,059	12,635,132
Borrowings		2,962,712	1,446,596
Income tax		427,505	4,851,700
Employee benefits		315,879	70,490
		<u>19,722,155</u>	<u>19,003,918</u>
Liabilities directly associated with assets classified as held for sale		-	2,998,897
Total current liabilities		<u>19,722,155</u>	<u>22,002,815</u>
Non-current liabilities			
Borrowings		13,217,093	10,608,370
Employee benefits		9,011	20,485
Total non-current liabilities		<u>13,226,104</u>	<u>10,628,855</u>
Total liabilities		<u>32,948,259</u>	<u>32,631,670</u>
Net assets		<u>277,371,050</u>	<u>149,236,463</u>
Equity			
Issued capital		246,719,609	129,964,909
Reserves		15,757,522	(478,093)
Retained profits	7	13,907,457	18,690,859
Equity attributable to the owners of Donaco International Limited		<u>276,384,588</u>	<u>148,177,675</u>
Non-controlling interest		986,462	1,058,788
Total equity		<u>277,371,050</u>	<u>149,236,463</u>

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

Donaco International Limited
Statement of changes in equity
For the year ended 30 June 2015

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2013	34,692,937	964,633	12,745,584	3,599,303	52,002,457
Profit after income tax (expense)/benefit for the year	-	-	6,793,403	1,476,679	8,270,082
Other comprehensive income for the year, net of tax	-	(1,442,726)	-	126,618	(1,316,108)
Total comprehensive income for the year	-	(1,442,726)	6,793,403	1,603,297	6,953,974
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	101,073,907	-	-	-	101,073,907
Unissued shares	(300,000)	-	300,000	-	-
Share issue expense	(5,501,935)	-	-	-	(5,501,935)
Additional holding in Lao Cai JV	-	-	(1,148,128)	(3,322,272)	(4,470,400)
Dividends paid to non-controlling interest	-	-	-	(821,540)	(821,540)
Balance at 30 June 2014	<u>129,964,909</u>	<u>(478,093)</u>	<u>18,690,859</u>	<u>1,058,788</u>	<u>149,236,463</u>

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2014	129,964,909	(478,093)	18,690,859	1,058,788	149,236,463
Loss after income tax (expense)/benefit for the year	-	-	(2,928,075)	(72,326)	(3,000,401)
Other comprehensive income for the year, net of tax	-	12,412,538	-	-	12,412,538
Total comprehensive income for the year	-	12,412,538	(2,928,075)	(72,326)	9,412,137
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	133,340,451	-	-	-	133,340,451
Share buy backs	(825,113)	-	-	-	(825,113)
Share issue expense	(7,260,638)	-	-	-	(7,260,638)
Return of capital on iSentric sale	(8,500,000)	-	-	-	(8,500,000)
Employee share options	-	1,967,750	-	-	1,967,750
Transfer from retained earnings	-	1,855,327	(1,855,327)	-	-
Balance at 30 June 2015	<u>246,719,609</u>	<u>15,757,522</u>	<u>13,907,457</u>	<u>986,462</u>	<u>277,371,050</u>

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

Donaco International Limited
Statement of cash flows
For the year ended 30 June 2015

	Note	Consolidated	
		2015	2014
		\$	\$
Cash flows from operating activities			
Receipts from customers		26,924,930	34,465,583
Payments to suppliers and employees		<u>(16,099,850)</u>	<u>(16,517,800)</u>
		10,825,080	17,947,783
Other revenue		(358,371)	-
Interest received		2,463,582	566,303
Government levies, gaming taxes and GST		<u>(4,427,829)</u>	<u>(8,825,898)</u>
Net cash from operating activities		<u>8,502,462</u>	<u>9,688,188</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		(6,073,857)	-
Payments for property, plant and equipment		(26,354,575)	(41,262,043)
Proceeds from disposal of business		450,000	-
Proceeds from disposal of investments		-	103,865
Proceeds from disposal of property, plant and equipment		1,003	(186,673)
Other		<u>6,720</u>	<u>-</u>
Net cash used in investing activities		<u>(31,970,709)</u>	<u>(41,344,851)</u>
Cash flows from financing activities			
Proceeds from issue of shares		132,515,339	101,073,907
Net borrowings		1,785,151	12,054,966
Payment of equity raising expenses		(7,260,638)	(5,501,935)
Dividends paid by controlled entities to non-controlling interests		-	(821,540)
Purchase of additional 20% non controlling interest in Lao Cai JV		<u>-</u>	<u>(4,470,400)</u>
Net cash from financing activities		<u>127,039,852</u>	<u>102,334,998</u>
Net increase in cash and cash equivalents		103,571,605	70,678,335
Cash and cash equivalents at the beginning of the financial year		99,496,165	29,404,205
Effects of exchange rate changes on cash and cash equivalents		<u>7,107,349</u>	<u>(586,375)</u>
Cash and cash equivalents at the end of the financial year	6	<u>210,175,119</u>	<u>99,496,165</u>

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

Donaco International Limited
Notes to the financial statements
30 June 2015

Note 1. Operating segments

Identification of reportable operating segments

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

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

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

Types of products and services

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

Casino Operations	Comprises the Aristo International Hotel 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	Comprises of the development and implementation of corporate strategy, commercial negotiations, corporate finance, treasury, management accounting, corporate governance and investor relations functions.

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

Intersegment transactions

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

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Note 1. Operating segments (continued)

Operating segment information for continuing and discontinuing operations

Consolidated - 2015	Casino Operations \$	Gaming Technology Operations* \$	Corporate Operations \$	Total \$
Revenue				
Sales revenue	17,069,618	1,296,742	1,308	18,367,668
Interest	40,310	2,529	1,997,195	2,040,034
Total revenue	<u>17,109,928</u>	<u>1,299,271</u>	<u>1,998,503</u>	<u>20,407,702</u>
EBITDA	6,382,587	34,930	(5,867,222)	550,295
Depreciation and amortisation	(4,833,763)	(2,743)	(23,357)	(4,859,863)
Gain on disposal of discontinued operation	-	-	2,203,374	2,203,374
Interest revenue	40,310	2,529	1,997,195	2,040,034
Other income	-	(6,206)	-	(6,206)
Non-recurring items	-	-	(715,187)	(715,187)
Net exchange gains	(86,577)	-	(341,025)	(427,602)
NCI	(72,326)	-	-	(72,326)
Finance costs	(1,683,159)	-	-	(1,683,159)
Tax expense disposed operations	-	(30,122)	-	(30,122)
Loss before income tax benefit	<u>(252,928)</u>	<u>(1,612)</u>	<u>(2,746,222)</u>	<u>(3,000,762)</u>
Income tax benefit				361
Loss after income tax benefit				<u>(3,000,401)</u>
Assets				
Segment assets	96,330,444	-	213,988,865	310,319,309
Total assets				<u>310,319,309</u>
Liabilities				
Segment liabilities	52,459,098	-	(19,510,839)	32,948,259
Total liabilities				<u>32,948,259</u>

* The above operating segment information includes iSentric Sdn Bhd., Way2Bet Pty Ltd and Donaco Australia Pty Ltd which are discontinued operations as at 30 June 2015.

Donaco International Limited
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Note 1. Operating segments (continued)

Consolidated - 2014	Casino Operations \$	Gaming Technology Operations \$	Total \$
Revenue			
Sales revenue	19,471,405	8,821,721	28,293,126
Interest	101,529	851,093	952,622
Total revenue	<u>19,572,934</u>	<u>9,672,814</u>	<u>29,245,748</u>
EBITDA	8,943,888	(82,672)	8,861,216
Depreciation and amortisation	(270,153)	(21,937)	(292,090)
Interest	101,529	851,093	952,622
Other income	-	52,844	52,844
Net exchange gains	126,732	(5,059)	121,673
NCI	1,476,679	-	1,476,679
Profit before income tax expense	<u>10,378,675</u>	<u>794,269</u>	<u>11,172,944</u>
Income tax expense			(2,902,862)
Profit after income tax expense			<u>8,270,082</u>
Assets			
Segment assets	84,807,927	97,060,206	181,868,133
Total assets			<u>181,868,133</u>
<i>Total assets includes:</i>			
Acquisition of non-current assets	39,151,630	-	39,151,630
Liabilities			
Segment liabilities	24,463,950	3,316,020	27,779,970
<i>Unallocated liabilities:</i>			
Provision for income tax			4,851,700
Total liabilities			<u>32,631,670</u>

* The above operating segment information includes iSentric Sdn Bhd, the discontinuing operation as at 30 June 2014, which is reported under the category Gaming Technology Operations.

Geographical information

	Sales to external customers		Geographical non-current assets	
	2015 \$	2014 \$	2015 \$	2014 \$
Australia	1,308	747,050	3,038,226	9,805,003
Vietnam	17,069,618	19,471,405	82,183,762	44,863,004
Other countries (discontinuing operation)	1,296,742	8,074,671	-	227,452
	<u>18,367,668</u>	<u>28,293,126</u>	<u>85,221,988</u>	<u>54,895,459</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

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Notes to the financial statements
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Note 1. Operating segments (continued)

Revenue by geographical area

	Consolidated	
	2015	2014
	\$	\$
Revenue and other income:		
Australia	1,657,478	1,533,830
Vietnam	17,023,351	19,699,663
Other countries (discontinuing operation)	<u>1,299,271</u>	<u>8,133,929</u>
Total revenue and other income	<u><u>19,980,100</u></u>	<u><u>29,367,422</u></u>

Note 2. Revenue

	Consolidated	
	2015	2014
	\$	\$
From continuing operations		
<i>Sales revenue</i>		
Casino operations	17,013,088	19,471,405
Corporate operations	<u>1,308</u>	<u>694,206</u>
	<u>17,014,396</u>	<u>20,165,611</u>
<i>Other revenue</i>		
Interest	2,037,505	946,208
Casino operations	<u>56,530</u>	<u>-</u>
	<u>2,094,035</u>	<u>946,208</u>
Revenue from continuing operations	<u><u>19,108,431</u></u>	<u><u>21,111,819</u></u>

Note 3. Other income

	Consolidated	
	2015	2014
	\$	\$
Net foreign exchange (loss) gain	<u>(427,602)</u>	<u>121,674</u>

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Note 4. Expenses

	Consolidated	
	2015	2014
	\$	\$
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	<u>2,208,639</u>	<u>1,270,995</u>
<i>Depreciation</i>		
Land buildings and structures	1,371,729	58,758
Machinery and equipment	1,459,734	108,821
Office equipment and other	202,989	45,081
Motor vehicles	101,022	57,493
Consumables	<u>1,721,646</u>	<u>-</u>
Total depreciation	<u>4,857,120</u>	<u>270,153</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>71,310</u>	<u>63,296</u>

Note 5. Discontinued operations

Description

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

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

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

Information on the financial performance of the discontinued operation during the year ended 30 June 2015 is set out below.

Donaco International Limited
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Note 5. Discontinued operations (continued)

Financial performance information

	Consolidated	
	2015	2014
	\$	\$
Discontinued revenue Mobile business solution	1,148,201	-
Gaming technology operations	148,541	8,127,515
Interest	2,529	6,414
Total revenue	<u>1,299,271</u>	<u>8,133,929</u>
Other income	12,824	-
Total other income	<u>12,824</u>	<u>-</u>
Cost of sales	(746,309)	(4,971,121)
Employee benefits expense	(196,389)	(715,749)
Depreciation and amortisation expense	(2,743)	(21,937)
Legal and compliance	(20,283)	(20,606)
Marketing and promotions	(79,452)	(254,304)
Professional and consulting fees	(174,112)	(134,945)
Property costs	(6,972)	(34,870)
Telecommunications and hosting	(9,929)	(14,618)
Discontinued tax expense	(30,123)	-
Other expenses	(47,396)	(384,990)
Total expenses	<u>(1,313,708)</u>	<u>(6,553,140)</u>
Profit/(loss) before income tax expense	(1,613)	1,580,789
Income tax expense	-	(10,659)
Profit/(loss) after income tax expense	<u>(1,613)</u>	<u>1,570,130</u>
Discontinued disposal iSentric	1,753,464	-
Discontinued disposal Way2Bet	449,910	-
Income tax expense	-	-
Gain on disposal after income tax expense	<u>2,203,374</u>	<u>-</u>
Profit after income tax expense from discontinued operations	<u><u>2,201,761</u></u>	<u><u>1,570,130</u></u>

Cash flow information

	Consolidated	
	2015	2014
	\$	\$
Net cash from operating activities	1,613,329	1,477,253
Net cash used in investing activities	-	(209,172)
Net increase in cash and cash equivalents from discontinued operations	<u><u>1,613,329</u></u>	<u><u>1,268,081</u></u>

Donaco International Limited
Notes to the financial statements
30 June 2015

Note 5. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2015	2014
	\$	\$
Cash and cash equivalents	1,613,329	-
Trade and other receivables	3,732,628	-
Other current assets	102,148	-
Property, plant and equipment	36,471	-
Other non-current assets	181,723	-
Total assets	<u>5,666,299</u>	<u>-</u>
Trade and other payables	2,790,322	-
Total liabilities	<u>2,790,322</u>	<u>-</u>
Net assets	<u>2,875,977</u>	<u>-</u>

Details of the disposal

	Consolidated	
	2015	2014
	\$	\$
Total sale consideration	12,450,000	-
Carrying amount of net assets disposed	(2,875,977)	-
Goodwill disposed	<u>(7,370,649)</u>	<u>-</u>
Gain on disposal before tax income	2,203,374	-
Income tax expense	<u>-</u>	<u>-</u>
Gain on disposal after income tax	<u>2,203,374</u>	<u>-</u>

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2015	2014
	\$	\$
Cash on hand	8,613,555	5,514,580
Cash at bank	201,561,564	6,160,255
Cash on deposit	<u>-</u>	<u>86,360,102</u>
	<u>210,175,119</u>	<u>98,034,937</u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	210,175,119	98,034,937
Cash and cash equivalents - classified as held for sale	<u>-</u>	<u>1,461,228</u>
Balance as per statement of cash flows	<u>210,175,119</u>	<u>99,496,165</u>

Donaco International Limited
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Note 7. Equity - retained profits

	Consolidated	
	2015	2014
	\$	\$
Retained profits at the beginning of the financial year	18,690,859	12,745,584
Profit/(loss) after income tax expense for the year	(2,928,075)	6,793,403
Transfer from revaluation surplus reserve	(2,978,285)	-
Transfer from options reserve	-	300,000
Transfer from other reserves	1,122,958	-
Transfer to other reserves	-	(1,148,128)
	<u>13,907,457</u>	<u>18,690,859</u>
Retained profits at the end of the financial year	<u>13,907,457</u>	<u>18,690,859</u>

Note 8. Events after the reporting period

The ultimate parent company, Donaco International Limited (DNA), entered into a share sale agreement on 23 January 2015, supplemental share sale agreement on 22 May 2015, and amending and restating deed on 18 June 2015 (the "Sale and Purchase Agreements") with independent third parties for the acquisition of the 100% equity interests in DNA Star Vegas Co., Ltd ("DNA Star") for a consideration of USD360 million. DNA Star is principally engaged in operation of a casino business in Cambodia. The consideration to be paid by DNA to the vendor was made by:

1. Deposit of USD5 million within 14 days of execution of the share sale agreement, which occurred in the 2015 financial year.
2. USD135 million to be paid on completion date of acquisition.
3. USD120 million by issuing consideration shares in DNA on the completion date of acquisition.
4. USD100 million to be paid to an account or held in escrow in favour of the vendor.

According to the nomination letter signed on 22 June 2015, DNA nominated its wholly-owned subsidiary, Donaco Hong Kong Limited ("DHK"), to be the registered owner of DNA Star and vested unto DHK all of the rights, titles and interest in DNA Star under and/or pursuant to the Sale and Purchase Agreement.

The acquisition was completed on 1 July 2015.

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

However the Directors have decided to take a more conservative approach to the valuation, and will continue to evaluate the business and the assets acquired in more detail over the next 12 months, before deciding whether to treat the acquisition as a bargain purchase.

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Donaco International Limited
Notes to the financial statements
30 June 2015

Note 9. Earnings per share

	Consolidated	
	2015	2014
	\$	\$
<i>Earnings per share for profit/(loss) from continuing operations</i>		
Profit/(loss) after income tax	(5,202,162)	6,699,952
Non-controlling interest	68,874	(1,476,679)
	<u>(5,133,288)</u>	<u>5,223,273</u>
Profit/(loss) after income tax attributable to the owners of Donaco International Limited		
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	542,208,524	306,593,004
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	23,047,578	7,869,582
	<u>565,256,102</u>	<u>314,462,586</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share		
	Cents	Cents
Basic earnings per share	(0.95)	1.70
Diluted earnings per share	(0.91)	1.66
<i>Earnings per share for profit from discontinued operations</i>		
Profit after income tax attributable to the owners of Donaco International Limited	<u>2,201,761</u>	<u>1,570,130</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	542,208,524	306,593,004
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	23,047,578	7,869,582
	<u>565,256,102</u>	<u>314,462,586</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share		
	Cents	Cents
Basic earnings per share	0.41	0.51
Diluted earnings per share	0.39	0.50
<i>Earnings per share for profit/(loss)</i>		
Profit/(loss) after income tax	(3,000,401)	8,270,082
Non-controlling interest	72,326	(1,476,679)
	<u>(2,928,075)</u>	<u>6,793,403</u>
Profit/(loss) after income tax attributable to the owners of Donaco International Limited		

Donaco International Limited
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Note 9. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	542,208,524	306,593,004
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>23,047,578</u>	<u>7,869,582</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>565,256,102</u>	<u>314,462,586</u>
	Cents	Cents
Basic earnings per share	(0.54)	2.22
Diluted earnings per share	(0.52)	2.16