

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 2016
Previous period: For the year ended 30 June 2015

2. Results for announcement to the market

Revenues from ordinary activities	up	602.6%	to	\$ 143,385,778
Profit from ordinary activities, including bargain purchase, after tax attributable to the owners of Donaco International Limited	up	2736.8%	to	77,208,554
Profit from ordinary activities, excluding bargain purchase, after tax attributable to the owners of Donaco International Limited	up	852.8%	to	22,043,238
Profit for the year attributable to the owners of Donaco International Limited	up	2736.8%	to	77,208,554

		30 Jun 2016	30 Jun 2015
		Cents	Cents
Basic earnings per share		9.29	(0.54)
Diluted earnings per share		9.29	(0.52)

Dividends

Subsequent to the end of the financial year, the Board has announced that it intends to declare a dividend of 1 cent per share. The dividend is 100% conduit foreign income and is unfranked. Proposed dates for the dividend payment are: ex-dividend date 4 October 2016, record date 5 October 2016 and payment date 19 October 2016.

Comments

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$77,208,554 (30 June 2015: loss of \$2,928,075)

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>9.03</u>	<u>40.22</u>

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4. Control gained over entities

Name of entities (or group of entities)	DNA Star Vegas Co. Ltd	
Date control gained	1 July 2015	
		\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)		62,562,322
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)	Not applicable	
Date control lost		
		\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)		-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)		-

6. Dividends

Current period

Subsequent to the end of the financial year, the Board has announced that it intends to declare a dividend of 1 cent per share. The dividend is 100% conduit foreign income and is unfranked. Proposed dates for the dividend payment are: ex-dividend date 4 October 2016, record date 5 October 2016 and payment date 19 October 2016.

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

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%	3,818,766	(252,928)
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			3,818,766	(252,928)
Income tax on operating activities			296,582	-

9. Foreign entities

Details of origin of accounting standards used in compiling the report

Not applicable.

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10. Audit qualification or review

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

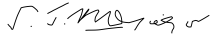
This Preliminary Final Report for the year ended 30 June 2016 is based on accounts which are currently being audited by the company's Independent auditor, William Buck.

11. Attachments

Details of attachments (if any):

The Preliminary Final Report of Donaco International Limited for the year ended 30 June 2016 is attached.

12. Signed

Signed  _____

Date: 30 August 2016

Sydney

DONACO INTERNATIONAL LIMITED
ABN 28 007 424 777

Preliminary Final Report
30 June 2016

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 half-year. The financial statements are presented in Australian dollars, which is Donaco International Limited's functional and presentation currency.

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

Level 18
420 George Street
Sydney NSW 2000
Australia

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2016. 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 2016

	Note	Consolidated	
		2016 \$	2015 \$
Revenue from continuing operations	3	143,385,778	19,108,431
Other income/(expense)	4	(12,377)	(427,602)
Gain on bargain purchase	8	55,165,316	-
Total income		<u>198,538,717</u>	<u>18,680,829</u>
Expenses			
Food and beverages		(6,182,949)	(2,208,639)
Employee benefits expense		(23,027,811)	(9,902,974)
DSV Management Fee		(20,492,174)	-
Depreciation and amortisation expense		(9,945,976)	(4,857,120)
Legal and compliance		(382,525)	(605,044)
Marketing and promotions		(4,696,896)	(269,058)
Professional & consultants		(13,306,247)	(1,058,511)
Property costs		(5,862,681)	(1,202,828)
Telecommunications and hosting		(267,816)	(171,965)
Gaming costs		(6,559,572)	(262,458)
Other expenses		(7,268,400)	(1,661,596)
Finance costs		(19,190,502)	(1,683,159)
Total expenses		<u>(117,183,549)</u>	<u>(23,883,352)</u>
Profit/(loss) before income tax expense from continuing operations		81,355,168	(5,202,523)
Income tax (expense)/benefit		(3,996,731)	361
Profit/(loss) after income tax expense from continuing operations		<u>77,358,437</u>	<u>(5,202,162)</u>
Profit after income tax expense from discontinued operations		-	2,201,761
Profit/(loss) after income tax expense for the year		<u>77,358,437</u>	<u>(3,000,401)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		11,514,760	12,412,538
Other comprehensive income for the year, net of tax		<u>11,514,760</u>	<u>12,412,538</u>
Total comprehensive income for the year		<u>88,873,197</u>	<u>9,412,137</u>
Profit/(loss) for the year is attributable to:			
Non-controlling interest		149,883	(72,326)
Owners of Donaco International Limited		77,208,554	(2,928,075)
		<u>77,358,437</u>	<u>(3,000,401)</u>
Total comprehensive income for the year is attributable to:			
Continuing operations		149,883	(72,326)
Discontinued operations		-	-
Non-controlling interest		149,883	(72,326)
		<u>149,883</u>	<u>(72,326)</u>
Continuing operations		88,723,314	7,203,984
Discontinued operations		-	2,280,479
Owners of Donaco International Limited		88,723,314	9,484,463
		<u>88,723,314</u>	<u>9,484,463</u>
		<u>88,873,197</u>	<u>9,412,137</u>

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 (continued)
For the year ended 30 June 2016

	Note	Consolidated 2016 \$ Cents	2015 \$ Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Donaco International Limited			
Basic earnings per share	10	9.29	(0.95)
Diluted earnings per share	10	9.29	(0.91)
Earnings per share for profit from discontinued operations attributable to the owners of Donaco International Limited			
Basic earnings per share	10	0.00	0.41
Diluted earnings per share	10	0.00	0.39
Earnings per share for profit/(loss) attributable to the owners of Donaco International Limited			
Basic earnings per share	10	9.29	(0.54)
Diluted earnings per share	10	9.29	(0.52)

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 2016

	Note	Consolidated	
		2016	2015
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	78,221,019	210,175,119
Trade and other receivables		23,377,842	2,064,923
Inventories		1,418,876	700,866
Prepaid construction costs		12,800	273,207
Other current assets		3,120,464	11,883,206
Total current assets		<u>106,151,001</u>	<u>225,097,321</u>
Non-current assets			
Property, plant and equipment		171,715,958	82,017,909
Intangibles (inc. Licences)		403,005,941	2,464,577
Construction in progress		1,143,158	205,737
Other		78,452	533,765
Total non-current assets		<u>575,943,509</u>	<u>85,221,988</u>
Total assets		<u>682,094,510</u>	<u>310,319,309</u>
Liabilities			
Current liabilities			
Trade and other payables		47,135,923	16,016,059
Borrowings		65,675,630	2,962,712
Income tax		1,560,149	427,505
Employee benefits		482,097	315,879
		<u>114,853,799</u>	<u>19,722,155</u>
Non-current liabilities			
Borrowings - non current		89,174,328	13,217,093
Employee benefits - non current		16,212	9,011
Total non-current liabilities		<u>89,190,540</u>	<u>13,226,104</u>
Total liabilities		<u>204,044,339</u>	<u>32,948,259</u>
Net assets		<u>478,050,171</u>	<u>277,371,050</u>
Equity			
Issued capital		402,060,643	246,719,609
Reserves		(16,262,828)	15,757,522
Retained profits	7	91,116,011	13,907,457
Equity attributable to the owners of Donaco International Limited		<u>476,913,826</u>	<u>276,384,588</u>
Non-controlling interest		1,136,345	986,462
Total equity		<u>478,050,171</u>	<u>277,371,050</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 2016

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 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 buybacks	(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>
Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2015	246,719,609	15,757,522	13,907,457	986,462	277,371,050
Profit after income tax expense for the year	-	-	77,208,554	149,883	77,358,437
Other comprehensive income for the year, net of tax	-	11,514,760	-	-	11,514,760
Total comprehensive income for the year	-	11,514,760	77,208,554	149,883	88,873,197
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 8)	154,999,579	-	-	-	154,999,579
Shares issued to employees	341,455	-	-	-	341,455
Adjustment to equity reserve on issue of shares for acquisition	-	(45,114,532)	-	-	(45,114,532)
Employee share options	-	1,579,422	-	-	1,579,422
Balance at 30 June 2016	<u>402,060,643</u>	<u>(16,262,828)</u>	<u>91,116,011</u>	<u>1,136,345</u>	<u>478,050,171</u>

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

DONACO INTERNATIONAL LIMITED
Statement of cash flows
For the year ended 30 June 2016

	Note	Consolidated	
		2016 \$	2015 \$
Cash flow from operating activities			
Receipts from customers		447,352,472	26,924,930
Payments to suppliers and employees		(376,237,266)	(16,099,850)
		<u>71,115,206</u>	<u>10,825,080</u>
Interest received		72,176	2,463,582
Other revenue		10,846	(358,371)
Interest and other finance costs paid		(14,772,928)	-
Government levies, gaming taxes and GST		(7,767,763)	(4,427,829)
Net cash flows from operating activities		<u>48,657,537</u>	<u>8,502,462</u>
Cash flow from investing activities			
Payment for purchase of business, net of cash acquired		-	(6,073,857)
Payments for property, plant and equipment		(1,815,637)	(26,354,575)
Proceeds from disposal of business		-	450,000
Cash investment in subsidiary net of cash retained	8	(316,451,000)	-
Payment of expenses relating to acquisitions	8	(11,819,338)	-
Proceeds from disposal of property, plant and equipment		-	1,003
Other		-	6,720
Net cash flows from investing activities		<u>(330,085,975)</u>	<u>(31,970,709)</u>
Cash flow from financing activities			
Proceeds from issue of shares		-	132,515,339
Net borrowings		144,743,820	1,785,151
Share issue transaction costs		(442,614)	(7,260,638)
Net cash flows from financing activities		<u>144,301,206</u>	<u>127,039,852</u>
Net (decrease)/increase in cash and cash equivalents		(137,127,232)	103,571,605
Cash and cash equivalents, beginning of the financial year		210,175,119	99,496,165
Effects of exchange rate changes on cash and cash equivalents		5,173,132	7,107,349
Cash and cash equivalents at the end of the financial year	6	<u>78,221,019</u>	<u>210,175,119</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 2016

Note 1. Significant accounting policies

These preliminary financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments: Casino Operations - Vietnam, Casino Operations - Cambodia 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 consolidated entity is domiciled in Australia and operates predominantly in five countries: Australia, Cambodia, Vietnam, Singapore and Malaysia. The Casino operations are segmented geographically between casino operations in Vietnam and Cambodia.

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 a monthly basis.

Types of products and services

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

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

Intersegment transactions

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

DONACO INTERNATIONAL LIMITED
Notes to the financial statements
30 June 2016

Note 2. Operating segments (continued)

	Casino Operations Vietnam \$	Casino Operations Cambodia \$	Corporate Operations \$	Total \$
Consolidated - 2016				
Revenue				
Sales to external customers	23,202,203	120,116,215	361	143,318,779
Interest and other income	13,962	-	53,037	66,999
Total revenue	23,216,165	120,116,215	53,398	143,385,778
Gain on bargain purchase	-	-	55,165,316	55,165,316
Other income	-	-	(12,377)	(12,377)
Total income	23,216,165	120,116,215	55,206,337	198,538,717
EBITDA				
Depreciation and amortisation	(5,704,998)	(4,008,916)	(232,062)	(9,945,976)
Interest revenue	13,962	-	53,037	66,999
Other income	-	-	55,165,316	55,165,316
Net exchange gains /(losses)	(557,147)	-	544,770	(12,377)
Non-controlling interest	(149,883)	-	-	(149,883)
Finance costs	(1,466,270)	-	(17,724,232)	(19,190,502)
Profit before income tax expense	3,818,766	62,562,322	14,824,197	81,205,285
Income tax expense	-	-	-	(3,996,731)
Profit after income tax expense attributable to the owners of Donaco International Limited	-	-	-	77,208,554
Assets				
Segment assets	97,614,196	537,688,394	46,791,920	682,094,510
Total assets	-	-	-	682,094,510
Liabilities				
Segment liabilities	28,996,850	29,961,285	145,086,204	204,044,339
Total liabilities	-	-	-	204,044,339
Consolidated - 2015				
Revenue				
Sales to external customers	17,069,618	1,296,742	1,308	18,367,668
Interest	40,310	2,529	1,997,195	2,040,034
Total revenue	17,109,928	1,299,271	1,998,503	20,407,702
Other income	(86,577)	-	(341,025)	(427,602)
Total income	17,023,351	1,299,271	1,657,478	19,980,100
EBITDA				
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)
Non-controlling interest	(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	(252,928)	(1,612)	(2,746,222)	(3,000,762)
Income tax benefit	-	-	-	361
Loss after income tax benefit	-	-	-	(3,000,401)
Assets				
Segment assets	96,330,444	-	213,988,865	310,319,309
Total assets	-	-	-	310,319,309
Liabilities				
Segment liabilities	52,459,098	-	(19,510,839)	32,948,259
Total liabilities	-	-	-	32,948,259

* 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
Notes to the financial statements
30 June 2016

Note 3. Revenue

	Consolidated	
	2016	2015
	\$	\$
From continuing operations		
<i>Sales revenue</i>		
Casino	143,318,418	17,069,617
Corporate operations	361	1,309
Interest	66,999	2,037,505
Revenue from continuing operations	<u>143,385,778</u>	<u>19,108,431</u>

Note 4. Other income (expense)

	Consolidated	
	2016	2015
	\$	\$
Net foreign exchange gain / (loss)	<u>(12,377)</u>	<u>(427,602)</u>
Other income(expense)	<u>(12,377)</u>	<u>(427,602)</u>

Note 5. Expenses

	Consolidated	
	2016	2015
	\$	\$
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Land, buildings and structures	4,203,017	1,371,729
Furniture and fittings	488,856	-
Machinery and equipment	2,841,636	1,459,734
Office equipment and other	301,172	202,989
Motor vehicles	116,878	101,022
Consumables	<u>1,994,417</u>	<u>1,721,646</u>
Total depreciation	<u>9,945,976</u>	<u>4,857,120</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>92,249</u>	<u>71,310</u>

DONACO INTERNATIONAL LIMITED
Notes to the financial statements
30 June 2016

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2016	2015
	\$	\$
Cash on hand	26,704,465	8,613,555
Cash at bank	51,508,616	201,561,564
Cash on deposit	7,938	-
	78,221,019	210,175,119

Note 7. Equity - retained profits

	Consolidated	
	2016	2015
	\$	\$
Retained profits at the beginning of the financial year	13,907,457	18,690,859
Profit/(loss) after income tax expense for the year	77,208,554	(2,928,075)
Transfer from revaluation surplus reserve	-	(2,978,285)
Transfer from other reserves	-	1,122,958
	91,116,011	13,907,457

Note 8. Business combinations

On 1 July 2015, the Group acquired Star Vegas Resort & Club as it is complementary to the leisure and entertainment activities of the Group, offers geographic and market diversification and significantly increases the revenue and earnings of the Group.

Control was acquired by the Group acquiring 100% of the issued capital of DNA Star Vegas Co. Ltd, which is the owner of all the assets of the Star Vegas business, for agreed consideration of USD360 million (AUD471,841,466). This consideration consisted of USD240 million cash, and 147,199,529 ordinary shares in the Company, with an agreed value of USD120 million. The Company's stock closing price on 1 July 2015 was AUD0.775 (equivalent to approximately USD0.59698) and the fair value of the shares issued as consideration on the Completion Date was USD87,396,776. As a result of this variance between the fair value of the shares issued and the agreed price, \$45,114,532 was debited to an equity reserve.

The values of net assets acquired recognised in the 31 December 2015 financial statements were based on a provisional assessment of their fair value. The directors took a conservative approach and continued to evaluate the business and the assets acquired in more detail over the 12 months ending 30 June 2016 in accordance with the requirements of AASB 3 *Business Combinations*.

Pursuant to a detailed valuation report and purchase price allocation report dated 20 June 2016 prepared by Colliers International Hong Kong Limited and its related parties Colliers International Thailand and Singapore, the fair value of the business acquired by DNA was USD368.1 million. The difference between the fair value of the business acquired and fair value of the purchase consideration of USD327.9 million gives rise to a bargain purchase amounting to USD40.2 million (AUD55.2 million). The bargain purchase of AUD55.2 million is recognised as a gain in the Company's income statement in accordance with AASB 3 *Business Combinations*.

Details of the acquisition and the values of assets acquired are as follows:

	Provisional value	Fair value	Difference
	\$	\$	\$
Equity	-	-	-
Casino licence - at fair value	425,763,454	400,543,356	(25,220,098)
Buildings	39,455,068	90,768,920	51,313,852
Plant and equipment	1,447,911	1,447,911	-
Motor vehicles	354,580	354,580	-
Slot machines	3,575,160	1,261,336	(2,313,824)
Furniture and fittings	1,245,293	1,245,293	-
Cash	4,245,871	4,245,871	-
Trade and other payables	(4,245,871)	(4,245,871)	-
	471,841,466	495,621,396	23,779,930
Net assets acquired	471,841,466	495,621,396	23,779,930
Gain on bargain purchase	-	(55,165,316)	(55,165,316)
Acquisition-date fair value of the total consideration transferred	471,841,466	440,456,080	(31,385,386)
Representing:			
Cash paid or payable to vendor	316,398,757	316,451,000	52,243
Donaco International Limited shares issued to vendor	155,442,709	155,442,709	-
Adjustment to equity reserve	-	(45,114,532)	(45,114,532)
Effect of exchange rate movements	-	13,676,903	13,676,903
	471,841,466	440,456,080	(31,385,386)
Acquisition costs expensed to profit or loss	11,844,375	11,819,338	(25,037)

The results for DNA Star Vegas Co. Ltd are shown in Casino Operations - Cambodia in note 4 above.

As part of the agreement for the purchase, the vendor will manage the business for two full years following completion on 1 July 2015. The vendor also provided a guarantee that the earnings before interest, tax depreciation and amortisation ("EBITDA") of the business would be not less than USD60 million per year for the two full years following the acquisition, being FY16 and FY17.

If the target EBITDA of USD60 million is not met, the vendor will top up the shortfall in cash. However if the target is met, the vendor will receive a management fee in return for the management services provided, in the sum of 25% of the net profit after tax ("NPAT") of the business. No other management fee is payable for the management services. The amount of the management fee recognised in 2016 is \$20,492,174.

DONACO INTERNATIONAL LIMITED
Notes to the financial statements
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Note 9. Events after the reporting period

Loan

Subsequent to the end of the financial year, Donaco International Limited repaid USD15m of the USD100m term loan facility from Mega International Commercial Bank Co. Limited of Taiwan, in accordance with the terms of the facility.

Donaco International Limited refinanced USD10 million of its working capital facility provided by OL Master Limited and has facilities in place to refinance a further USD10 million within the next 12 months. The refinancing will further reduce financing costs by approximately USD3.8 million over the next two financial years (FY17 and FY18), compared to the cost of repaying the facility in accordance with its original terms.

Share options

On 1 July 2016 the Company's announced the expiration of 1,365,959 options in accordance to their terms. The options were part of the FY 14 option series. Currently, there are 5,112,142 remaining options on issue.

Note 10. Earnings per share

	Consolidated	
	2016	2015
	\$	\$
<i>Earnings per share for profit/(loss) from continuing operations</i>		
Profit/(loss) after income tax	77,358,437	(5,202,162)
Non-controlling interest	(149,883)	68,874
Profit/(loss) after income tax attributable to the owners of Donaco International Limited	<u>77,208,554</u>	<u>(5,133,288)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	831,087,477	542,208,524
Adjustments for calculation of diluted earnings per share:		
Options and warrants over ordinary shares which are dilutive	376,433	23,047,578
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>831,463,910</u>	<u>565,256,102</u>
	Cents	Cents
Basic earnings per share	9.29	(0.95)
Diluted earnings per share	9.29	(0.91)
<i>Earnings per share for profit from discontinued operations</i>		
Profit after income tax attributable to the owners of Donaco International Limited	<u>-</u>	<u>2,201,761</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	831,087,477	542,208,524
Adjustments for calculation of diluted earnings per share:		
Options and warrants over ordinary shares which are dilutive	376,433	23,047,578
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>831,463,910</u>	<u>565,256,102</u>
	Cents	Cents
Basic earnings per share	-	0.41
Diluted earnings per share	-	0.39
<i>Earnings per share for profit</i>		
	2016	2015
	\$	\$
Profit (loss) after income tax	77,358,437	(3,000,401)
Non-controlling interest	(149,883)	72,326
Profit (loss) after income tax attributable to the owners of Donaco International Limited	<u>77,208,554</u>	<u>(2,928,075)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	831,087,477	542,208,524
Adjustments for calculation of diluted earnings per share:		
Options and warrants over ordinary shares which are dilutive	376,433	23,047,578
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>831,463,910</u>	<u>565,256,102</u>
	Cents	Cents
Basic earnings per share	9.29	(0.54)
Diluted earnings per share	9.29	(0.52)