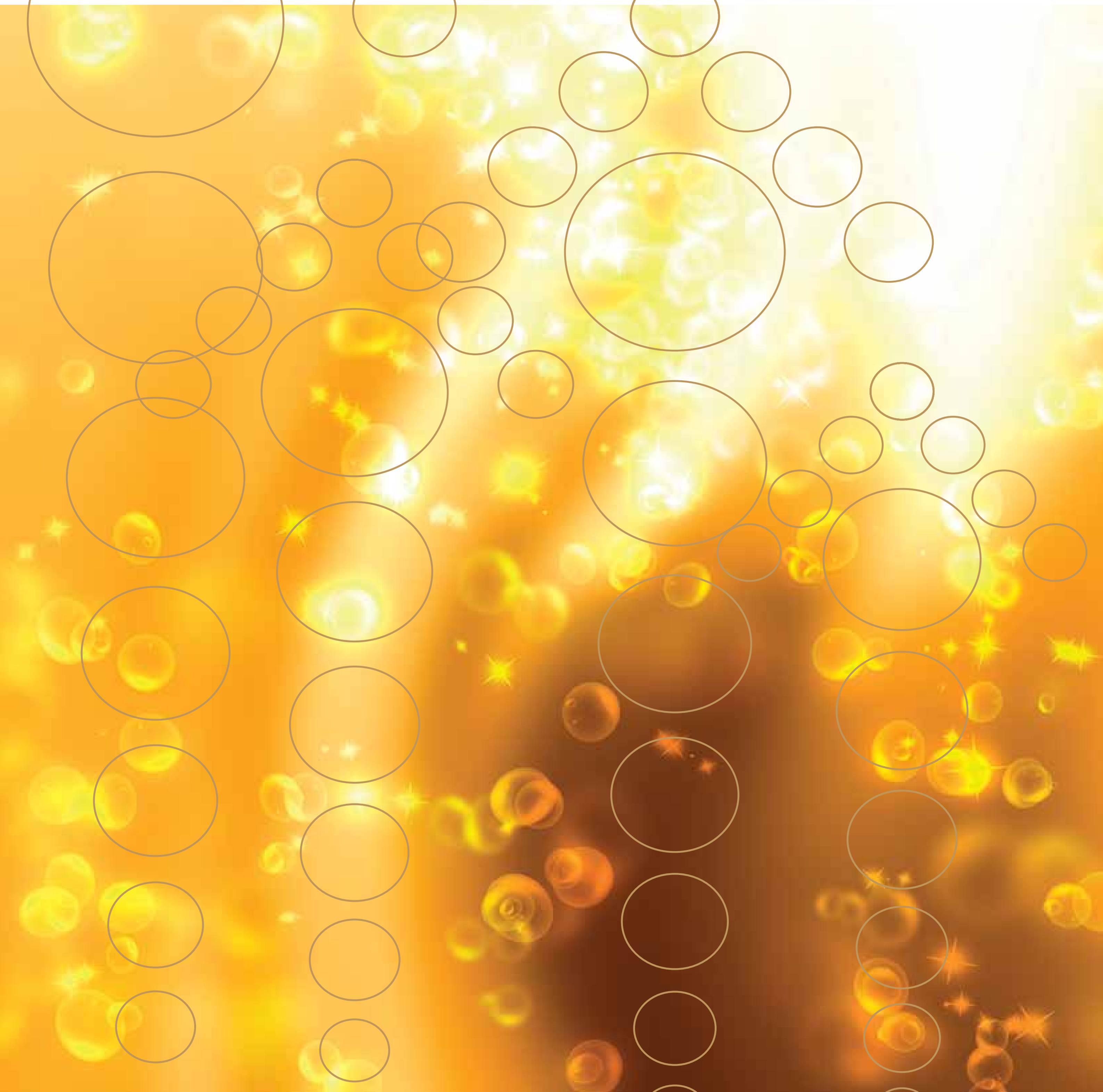
donaco
INTERNATIONAL

2016 ANNUAL REPORT



DONACO INTERNATIONAL LIMITED
ANNUAL REPORT

FULL YEAR STATUTORY ACCOUNTS – 30 JUNE 2016

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NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Donaco International Limited will be held on 24 November 2016 at Level 23, 52 Martin Place, Sydney NSW 2000. Commencing at 2:30pm (Sydney time)

FROM THE CHAIRMAN

Another very positive aspect to the Donaco Group, that sometimes gets unnoticed, is what we can provide to the local communities in which we operate.

Dear fellow shareholders,

The 2016 financial year has been a transformational year for your Company. From 1 July 2015 the newly acquired Star Vegas resort and club became the dominant contributor to the Group. It has been an extremely successful addition and its contribution has exceeded our expectations. The strong earnings and cash flow that have been generated from this acquisition have strengthened the financial position of Donaco over the year, and have enabled the Board to declare our maiden dividend to our shareholders.

Whilst the Star Vegas acquisition has resulted in a seven-fold increase in the size of Group revenues, it has not distracted the management team from also improving the performance of our Aristo business in Vietnam.

As Chairman of the Group it was pleasing to see the efforts of management in driving the performance of both venues and seamlessly integrating the much larger Star Vegas business into the expanded Donaco Group.

Board and management believe the key to long-term shareholder value is to deliver strong financial management and earnings growth. We are determined to retain this focus and believe this will reward our shareholders in the long term.

Of course the performance of casino operations is subject to luck as well as good management, particularly in the VIP segment of our business. The luck factor is a normal feature of casino operations, but management initiatives at both venues produced the strong financial performance reflected in the results. Management have taken actions to reduce the volatility of our earnings, and whilst the luck factor cannot be eliminated, we are targeting more stable earnings growth into the future.

A key feature of Donaco is the strength of our corporate governance practices. In the Asian region we are becoming widely recognised by governments and our guests as a Group that operates with high standards of probity and good governance. We believe that this becomes a competitive advantage in pursuing further growth opportunities as they arise into the future. Whilst our Board is culturally and geographically diverse, we are operating cohesively and effectively in overseeing the Group operations.

Another very positive aspect to the Donaco Group, that sometimes gets unnoticed, is what we can provide to the local communities in which we operate. We have engaged in a number of community projects and a range of charitable activities during the course of the financial year and we see this continuing into the future. These include donating bicycles to financially disadvantaged students in Bac Ha district in Vietnam, sponsoring the provision of uniforms and shoes for students at the local schools, holding fundraising events for disadvantaged youth in Hanoi and providing financial assistance to the orphans and teachers of the Lao Cai orphanage.

In summary, the 2016 financial year was one in which Donaco Group delivered strong results on all fronts with respect to the financial operations of the business. We exceeded expectations with the Star Vegas acquisition, delivered strong growth in earnings at Aristo, reduced our debt, strengthened the balance sheet and declared our maiden dividend. We expect further improvements in our financial performance over the 2017 financial year, which has commenced in a positive fashion.

We believe that retaining our focus on our businesses, continuing to deliver strong financial performance, and communicating these results with investors, will be the key to delivering long-term value to our shareholders.

Stuart McGregor
Chairman

Donation to the Palilay temple.

Donaco engages in a number of community projects and a range of charitable activities throughout the local area. We will continue our support into the future.

Our successful acquisition and integration of the Star Vegas casino and resort in Cambodia has performed ahead of our expectations.

Dear fellow shareholders,

The 2016 financial year has proved to be a period of exciting transformation for the Donaco Group.

Our successful acquisition and integration of the Star Vegas casino and resort in Cambodia has performed ahead of our expectations. The Group generated AUD143.4 million in revenue of which DNA Star Vegas contributed AUD120 million and an underlying EBITDA of AUD66.6 million.

Whilst our reported net profit after tax was AUD78.7 million, this included a positive non-recurring item of AUD55.2 million relating to an uplift in valuation for the Star Vegas business. This non-cash item was required to be recorded as income according to Australian and international accounting standards. As DNA Star Vegas exceeded its earnings targets, we also paid a AUD20.5 million management fee to our Thai partner in accordance with the purchase contract, and we expect to make a final payment at the end of the FY17. Our results also included AUD11.8 million of non-recurring M&A costs associated with the transaction.

The underlying net profit after tax of AUD55.9 million is a better reflection of the ongoing earnings that we achieved in the business. Pleasingly our operating cash flow was AUD48.7 million which shows the strong cash generative nature of our profit.

This very strong financial performance allowed us to repay debt, and to declare our maiden dividend of one cent per share. We were also able to refinance our debt facility which will produce further cost savings during the 2017 financial year.

DNA Star Vegas operations produced an increase in patronage, and an increase in gaming and non-gaming revenue. The results were driven by the introduction of new games, promotions and new facilities at the venue.

We see further exciting growth prospects at DNA Star Vegas from leveraging our relationship with Manchester United, additional VIP promotions, and the potential to expand into the neighbouring Star Paradise property. From the beginning of September 2016, we have commenced managing the newly constructed gaming floor of the Star Paradise business for a monthly fee, and we have the exclusive option to purchase the entire Star Paradise operation, including the hotel, provided it is attractive to do so from Donaco shareholders' perspective. By managing this gaming operation we are well positioned to assess the attractiveness of this business to the Donaco Group. It should also be noted that Donaco did not incur any costs in the development of the Star Paradise gaming operation.

We have already commenced discussions to confirm the continuing relationship with our Thai management partner beyond FY17. Whilst these arrangements have not yet been finalised, they will be commercially based and reflective of senior executive remuneration, as opposed to the current arrangements which were part of the purchase arrangements, and included an EBITDA earnings guarantee from the vendor.

The Star Vegas business also owns an online gaming licence which has yet to be utilised. We are currently exploring the alternatives for the utilisation of this licence and expect some progress to occur during FY17.

Whilst DNA Star Vegas transformed the business, pleasingly the integration with the Group did not distract us from our focus on improving the performance of our Aristo International Hotel in Vietnam. In local currency terms we produced strong growth in both gaming and non-gaming revenue together with tight cost control measures. These contributed to a strong growth in EBITDA which was up 61.4% at this venue.

FROM THE MANAGING DIRECTOR

We deliberately shifted our focus to mass market and premium play and away from the VIP segment. This initiative has seen a significant increase in patronage, which was up 63% to 148,107 over FY16, but has also produced a lower average bet size, which has had the benefit of reducing the volatility in earnings generated at the Aristo. Our VIP play achieved a 2.2% win rate which was an improvement on the previous year's results.

Our strong growth in non-gaming revenues was driven by new facilities, such as a nightclub and a steakhouse, that now attract local patronage to the venue and provide us with attractive rental income. Our non-gaming revenues now represent 45% of the total revenue generated by Aristo.

We have also kept a tight control on costs by introducing operational improvements which still maintain high levels of customer service. For example, we are now serving our VIP customers with food rather than having a smorgasbord style, and this has produced significant savings in food costs, with an improved service level.

On the gaming floor we expect to achieve additional synergies through using the purchasing power of DNA Star Vegas for machines at Aristo. DNA Star Vegas currently enjoys far better purchasing arrangements due to its larger number of gaming machines on site.

In terms of our management I was pleased to appoint Mr Att Asavanund to the role of Deputy CEO. He has brought a strong commercial business background and experience with his appointment to our senior management team and is already making a notable improvement to our Group operations.

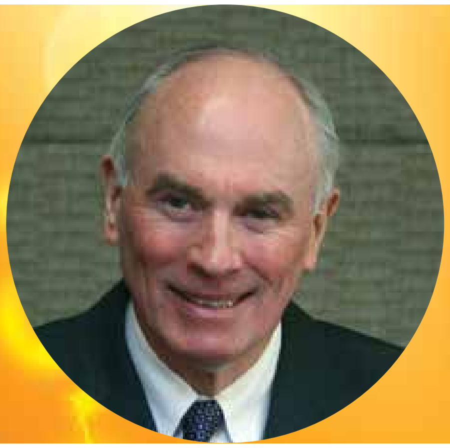
We have commenced FY17 well, and whilst our balance sheet is healthy with a net debt to equity ratio of only 15%, we expect to see further reductions in our Group debt over the year, and further operating improvements at both venues. We have commenced our capital management initiatives through the introduction of a one cent dividend, and our expectations would be to continue with an annual dividend payment into FY17. The strength of our balance sheet provides us with flexibility to pursue growth or additional capital management initiatives over the course of the year.

I look forward to a year of consolidation and solid growth during FY17, as we drive further operational efficiencies at both venues, attract new patronage and generate new revenue streams from Star Paradise, and begin to use our online gaming licence.

Joey Lim
Managing Director and Chief Executive Officer

Below: Dwight Yorke with Managing Director, Joey Lim, visiting KOTO – Know one, teach one – a non-profit social enterprise supported by Donaco, that gives disadvantaged youth employment training in hospitality.

Our company sponsored 315 sets of school uniforms and shoes for pupils of Ta Gia Primary school in Muong Khuong district – Lao Cai province on occasion of the new school year 2015–2016. Total value VND140 million.



STUART JAMES MCGREGOR

Independent Non-Executive Chairman (appointed 19 November 2004)

B.Com, LLB, MBA

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

Other current directorships:
EBOS Group Limited (ASX: EBO) (appointed in July 2013)

Former directorships (past three years):
None

Special responsibilities:
Member of the Audit & Risk Management Committee and the Nominations, Remuneration & Corporate Governance Committee

Interests in shares:
411,735 ordinary shares

Interests in options:
None

JOEY LIM KEONG YEW

Managing Director and Chief Executive Officer (appointed 1 February 2013)

B. Computer Science

Experience and expertise:
Mr J Lim is the Managing Director and Chief Executive Officer of Donaco International Limited. He is also a director of Malahon Securities Limited, a stock brokerage company founded in 1984, and is a member and participant of the Hong Kong Exchange. He is also the principal of the Slingshot Group of Companies, which are investment companies based in Hong Kong. Relevant experience includes: working as an executive director to M3 Technologies (Asia) Bhd where he was responsible for strategic investments and corporate affairs; working at VXL Capital, China, a company whose business was focused on investing in and restructuring companies in Malaysia, Beijing, Shanghai and Hong Kong; and working as Project Manager for Glaxo Wellcome, London, UK.

Other current directorships:
None

Former directorships (past three years):
None

Special responsibilities:
None

Interests in shares:
264,659,325 ordinary shares

Interests in options:
2,410,338 unlisted employee options

BENEDICT PAUL REICHEL

Executive Director, Group General Counsel, Company Secretary (appointed 20 July 2007)

BA, LLB (Hons), LLM (Hons)

Experience and expertise:
Mr Reichel is an executive and company director in the gaming, media and technology sectors, with more than 20 years' experience in major Australian listed public companies and law firms. Mr Reichel held the position of Chief Executive Officer and Managing Director of the Company (then called Two Way Limited) from July 2007 to January 2012, and has remained on the Board since then. Previously, Mr Reichel was General Counsel of Tab Limited, a $2 billion ASX-listed company with operations in wagering, gaming and media. Prior to that, he was General Counsel of racing broadcaster Sky Channel Pty Limited, and held a number of executive positions at Publishing and Broadcasting Limited.

Other current directorships:
None

Former directorships (past three years):
None

Special responsibilities:
None

Interests in shares:
522,079 ordinary shares

Interests in options:
1,408,856 unlisted employee options

BENJAMIN LIM KEONG HOE

Non-Executive Director (appointed 1 February 2013)

B. International Business

Experience and expertise:
Mr B Lim is a director of Donaco Singapore Pte Ltd, and a major shareholder of Genting Development Sdn Bhd, a substantial property development business in Malaysia. He has a Bachelor Degree in International Business with Design Management from Regent Business School, United Kingdom.

Other current directorships:
None

Former directorships (past three years):
None

Special responsibilities:
Member of the Audit & Risk Management Committee and the Nominations, Remuneration & Corporate Governance Committee

Interests in shares:
144,811,200 ordinary shares

Interests in options:
None

BOARD OF DIRECTORS

ROBERT ANDREW HINES

Independent Non-Executive Director (appointed 1 November 2013)

Experience and expertise:
Mr Hines is one of Australia's leading gaming and wagering executives. As CEO of Racing Victoria Limited from 2008 to 2012, he led and managed the Victorian racing industry through a period of substantial change. Mr Hines also held CEO roles at Jupiters Limited (2000 to 2004), which was acquired by Tabcorp; and AWA Limited (1997 to 2000), which was acquired by Jupiters. From 2005 to 2008, he was CEO UK and Europe for Vecommerce Limited, a natural language speech recognition company providing services to wagering operators. Mr Hines currently holds the positions of Non-Executive Director with Sportsbet Australia Pty Ltd; Group Chairman CEO Circle; and Non-Executive Director of the Sporting Chance Cancer Foundation.

Other current directorships:
None

Former directorships (past three years):
None

Special responsibilities:
Chair of the Audit & Risk Management Committee and the Nominations, Remuneration & Corporate Governance Committee

Interests in shares:
145,321 ordinary shares

Interests in options:
None

HAM TECHATUT SUKJAROENKRAISRI

Executive Director (appointed 1 July 2015)

BSc Chemical Engineering

Experience and expertise:
Mr Sukjaroenkraisri is Vice President, Casino at Star Vegas Casino & Resorts Co, Ltd. He has more than nine years' experience in gaming and casino management. In his role at Star Vegas, one of Cambodia's largest and most successful casino resorts, Mr Sukjaroenkraisri has been responsible for developing the model for the slot machine business. This has become one of the most successful and profitable businesses for Star Vegas, and has helped to put Star Vegas into its current leadership position in the Cambodian gaming market.

Other current directorships:
None

Former directorships (past three years):
None

Special responsibilities:
None

Interests in shares:
73,599,764 ordinary shares

Interests in options:
None

PAUL PORNTAT AMATAVIVADHANA

Non-Executive Director (appointed 1 July 2015)

MSc Management Science, BA Finance and Banking

Experience and expertise:
Mr Amatavivadhana is a founding principal and the CEO of Infinite Capital, a successful boutique corporate advisory firm based in Bangkok. He has considerable experience in Mergers & Acquisitions, Corporate Restructuring and Capital Raisings. Mr Amatavivadhana is currently an independent director at Sansiri Plc, one of the largest real estate developers in Thailand, which is listed on the Stock Exchange of Thailand. His previous roles include senior positions at Ayudhya Securities Plc (Managing Director); Ploenchit Advisory Co Ltd (Assistant Managing Director); UOB KayHian Securities (Thailand) Ltd; BNP Paribas Peregrine Securities (Thailand) Ltd; and Securities One Plc.

Other current directorships:
Sansiri Plc (SET: SIRI) (appointed 13 June 2008)

Former directorships (past three years):
None

Special responsibilities:
None

Interests in shares:
None

Interests in options:
None

'Other current directorships' and 'Former directorships (past three years)' quoted above are directorships for listed entities only, and exclude directorships of all other types of entities, unless otherwise stated.

In December 2015, Donaco International Limited was pleased to announce the formal launch of its partnership with Manchester United, with a series of events held in Vietnam.

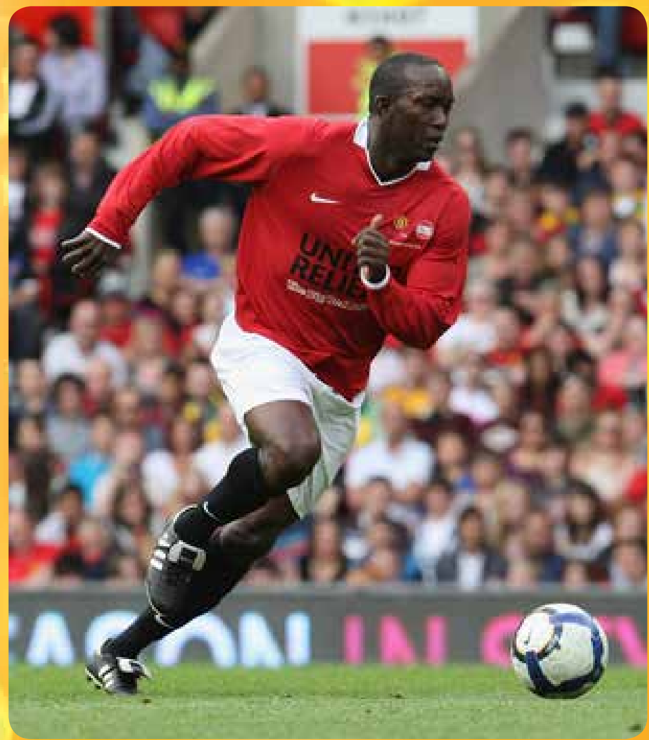
Manchester United Ambassador, Dwight Yorke, attended a press conference at the Long Vi Palace in Hanoi, to discuss the Club's first ever Official Casino Resort partnership with Donaco.

Mr Yorke then joined Donaco's Managing Director, Joey Lim, on a visit to the premises of KOTO – Know one, teach one – a non-profit social enterprise supported by Donaco. KOTO trains at-risk and disadvantaged youth in Hanoi and Ho Chi Minh City for employment in hospitality in a 24-month vocational training program, including a life skills component which incorporates communication and English language skills, building the self-esteem of at-risk youth.

Mr Yorke then visited Donaco's flagship property, the Aristo International Hotel. Manchester United fans from both Hanoi and the local area had the opportunity to meet and interact with the legendary player via a series of fun activities.

Mr Yorke also visited Sapa, a beautiful French Colonial resort located 45 minutes from the Aristo, in the mountains of northern Vietnam. Here he met the local hill tribe people and toured the local area.

The event was promoted to Vietnam's fan base of 26 million Manchester United followers via social media, with a particular focus on Manchester United followers in the Hanoi area. A large group of fans from Hanoi were transported to the Aristo for the meet and greet event, via the newest and most modern highway in Vietnam. The fans enjoyed the full range of leisure and hospitality facilities at the five-star hotel.



DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Donaco International Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

DIRECTORS

The following persons were directors of Donaco International Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Stuart James McGregor – Chairman

Joey Lim Keong Yew

Benedict Paul Reichel

Benjamin Lim Keong Hoe

Robert Andrew Hines

Ham Techatut Sukjaroenkraisri (appointed 1 July 2015)

Paul Porntat Amatavivadhana (appointed 1 July 2015)

PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the consolidated entity consisted of the operation of leisure and hospitality businesses across the Asia Pacific region. This included:

- operation of a hotel and casino in northern Vietnam;
- operation of a hotel and casino in Cambodia; and
- acquisition and disposal of businesses.

DIVIDENDS

There were no dividends to shareholders paid, recommended or declared during the current or previous financial years. However, subsequent to the reporting date, the consolidated entity has declared a maiden dividend of one cent per share. The dividend is 100% conduit foreign income and is unfranked.

The consolidated entity's dividend policy is unchanged from that set out in the prospectus dated 13 December 2012, which stated:

> The Company intends to pay dividends to Shareholders in the future subject to the availability of sufficient profits and franking credits and subject to the Company's then current working capital requirements and growth plans. Shareholders should note that the payment of dividends is not guaranteed.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Overview

The 12 months ended 30 June 2016 (FY16) saw the Group transform and significantly grow in scale with the addition of DNA Star Vegas:

- Group Revenue of $143.4 million with a $120 million contribution from DNA Star Vegas;
- Reported Net Profit After Tax (NPAT) $78.7 million includes non-recurring items:
  - $55.2 million valuation uplift at DNA Star Vegas;
  - ($20.5 million) management fee paid as DNA Star Vegas exceeded targets;
  - ($11.8 million) of M&A costs;
- Underlying NPAT $55.9 million (excluding non-recurring items);
- Strong balance sheet with $78.2 million cash;
  - Available cash of $29.6 million allowing for bank and working capital requirements; and
- Maiden dividend of one cent per share with intended payment in October 2016.

Reported net profit after tax was $78.7 million, and included a valuation uplift at DNA Star Vegas of $55.2 million following an independent valuation by Colliers International Hong Kong Limited and its related parties Colliers International Thailand and Singapore. The valuation was required by Australian and international accounting standards for the purpose of annual impairment testing, and purchase price allocation. As the valuation exceeded the original acquisition price, the accounting standards require the acquisition to be treated as a bargain purchase, and the uplift is required to be shown as income in the reported results.

The results also included the previously announced non-recurring acquisition costs of $11.8 million, and a management fee payment of $20.5 million, which resulted from DNA Star Vegas exceeding its targeted performance levels.

Venue performances

Both venues produced strong operational performances. DNA Star Vegas contributed to earnings from 1 July 2015 for the full 12 months following its acquisition, and achieved a 21% increase in EBITDA in local currency terms to THB2.2 billion under Donaco ownership, compared to the previous year. Star Vegas exceeded its USD60 million EBITDA target by USD3.3 million. The Aristo International Hotel also recorded impressive growth, with EBITDA increasing by 61% in local currency terms to RMB51 million.

In local currency terms DNA Star Vegas performed strongly, with revenue up 16.3% to THB3.1 billion, driven by an increase in the VIP gross win rate to 2.97%, up from 2.72% in FY15. Cost control initiatives implemented during the year helped to manage operating expenses and resulted in a 21.1% increase in EBITDA.

The Company has negotiated a deal to expand the DNA Star Vegas gaming business into the adjoining Star Paradise property. Donaco will receive a monthly fee for managing the Star Paradise gaming area under the Star Vegas gaming licence of THB5 million (approximately AUD2.3 million per annum), in addition to reimbursement of the operating costs incurred by DNA Star Vegas for the venue.

The existing Star Paradise property has been upgraded with a new gaming hall constructed and financed by Donaco's Thai partner. Accordingly, there is no capital expenditure required by Donaco.

The Aristo International Hotel recorded EBITDA growth of 61.4%, underpinned by an impressive increase in both gaming and non-gaming revenue, together with stringent cost control measures. Visitor numbers were up by 63% to 148,107 over FY16, including a record 17,455 players in May 2016. However the average bet size declined, in line with marketing strategies focused on increasing the number of 'mass market' players, to reduce the win rate volatility. Win rates will continue to fluctuate, but the average VIP win rate achieved of 2.2% was an improvement on the rate achieved last year.

Hotel occupancy averaged 81.3% during FY16, compared to 65.2% in FY15, and non-gaming revenues accounted for 45% of revenue at Aristo overall. While Vietnamese locals are not permitted to enter gaming facilities, the comprehensive five star resort facilities are very popular with local residents.

Capital management

The Company maintains a healthy balance sheet with a net debt to equity of 16%. The FY16 finance expense of $20.5 million was comfortably covered by EBITDA of $55.5 million. Net debt to underlying EBITDA was 0.84x. The refinancing of a USD20 million working capital facility announced to the market in July 2016 will save the Company approximately USD3.8 million over FY17 and FY18, compared to the costs of leaving the original facility in place.

Due to the strong cash generated by the business, the Board has announced that it intends to declare a maiden dividend of one cent per share. The planned record date for the dividend is 5 October 2016, and payment date is 19 October 2016.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the consolidated entity successfully completed the acquisition of the Star Vegas Resort and Club in Poipet, Cambodia. Full details are provided under notes 40 and 41 to the financial statements.

The consideration consisted of USD240 million cash (AUD316,451,000), and 147,199,529 ordinary shares in the Company issued to the vendor. Primarily as a result of this acquisition, the consolidated entity has increased its total borrowings by AUD135,621,328 and increased its contributed equity by AUD114,248,759 in the year ended 30 June 2016.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Dividend

On 30 August 2016, the Board of Donaco International Limited announced that it intended to declare a maiden dividend of one 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.

Long-term incentive scheme

The consolidated entity has resolved to introduce a new long term incentive (LTI) scheme for its senior executives, to replace the previous options scheme that expired at the end of FY16.

As announced in the ASX release on 1 October 2015, the Board has been considering new LTI schemes, and has actively sought to align senior executive remuneration with shareholder interests. Under the new scheme, shares will be purchased on market and held in an employee share trust ('the Trust'). The shares will vest to the employees according to their level of performance, over the vesting period of three years.

The aim of the scheme is to ensure that executives are motivated to think like shareholders, with a focus on taking actions that will lead to sustainable increases in share price.

DIRECTORS' REPORT

The structure of the scheme also ensures that there is no dilution of shareholders.

The total annual dollar value of shares to be purchased will be maximum of AUD1,000,000. The number of shares to be purchased each year will depend on the share price at the time that purchases take place.

The scheme will be executed in a similar manner to an on-market buy-back, allowing the Trust to stand in the market and purchase shares at appropriate times. However, the shares will not be cancelled, but will be held in the Trust, to be distributed to employees over the vesting period of three years.

The Trust intends to commence the on-market purchase of shares pursuant to the terms of the new LTI scheme from 30 August 2016 onwards.

Loan

The Company has refinanced its USD20 million working capital facility that was announced to the ASX on 23 June 2015 and 1 July 2015. Of the original USD100 million term loan facility with Mega International Commercial Bank Co Limited of Taiwan, the Company has now repaid USD10 million of the principal amount in January 2016, and a further USD15 million in July 2016, leaving USD75 million to be repaid.

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 announced the expiration of 1,365,959 options in accordance to their terms. The options were part of the FY14 option series. Currently, there are 7,296,692 remaining options on issue.

No other matter or circumstance has arisen since 30 June 2016 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company operates leisure and entertainment businesses across the Asia Pacific region.

Our largest business is the Star Vegas resort and club, a successful casino and hotel complex in Poipet, Cambodia, on the border with Thailand. Star Vegas was established in 1999, and is the largest and highest quality of the Poipet casino hotels. The property has more than 100 gaming tables, more than 1500 slot machines, and 385 hotel rooms.

Our flagship business is the Aristo International Hotel, a successful boutique casino in northern Vietnam, located on the border with Yunnan Province, China. Established in 2002, the property has recently been expanded to a brand new five star resort complex with 400 hotel rooms. Donaco is a pioneer casino operator in Vietnam, and owns a 95% interest in the business, in a joint venture with the Government of Vietnam.

The operation and marketing of both of these properties will underpin our growth during the next 12 months. Our strategy is to take advantage of the demand for leisure and entertainment in the Asia Pacific region, and to leverage the experience of the Board and management in the gaming sector. This will complement the growth at the expanded casinos in both Cambodia and Vietnam, and provide for diversification.

Material risks to this strategy include those affecting listed entities generally, and companies operating in Thailand, Cambodia and Vietnam generally. These risks include the possibility of adverse macroeconomic developments, such as exchange rate declines; cross-border disputes; or terrorist attacks affecting the Company's key target markets. Other material risks include the possibility of adverse regulatory change affecting casino operators, such as changes in tax rates, and the possibility of breach of licences or legislation. These risks are carefully monitored by the Board and management team.

These key risks should not be taken as the only risks that may affect the Company's operations, and many risks are outside the control of the Board and management team.

Except as noted above, information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

ENVIRONMENTAL REGULATIONS

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel.

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency.

The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract and retain high quality personnel, and motivate them to achieve high performance.

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

- reviewing and recommending to the Board for approval, the Company's general approach towards remuneration, and to oversee the development and implementation of remuneration programs;
- reviewing and recommending to the Board for approval, corporate goals and objectives relevant to the remuneration of the Managing Director/Chief Executive Officer, and evaluating the performance of the Managing Director/Chief Executive Officer in light of those goals and objectives;
- reviewing and recommending to the Board for approval, remuneration programs applicable to the Company executives, and ensuring that these programs differ from the structure of remuneration for non-executive directors; and
- reviewing the remuneration of non-executive directors, and ensuring that the structure of non-executive directors' remuneration is clearly distinguished from that of executives by ensuring that non-executive directors are remunerated by way of fees, do not participate in schemes designed for the remuneration of executives, do not receive options or bonus payments, and are not provided with retirement benefits other than statutory superannuation.

In consultation with external remuneration consultants when necessary (refer to the section 'Use of Remuneration Consultants' below), the Nominations, Remuneration & Corporate Governance Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The remuneration framework is aligned to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholders' wealth, consisting of growth in share price, as well as focusing the executive on key non-financial drivers of values
- attracts and retains high calibre executives.

The remuneration framework is also aligned to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholders wealth
- provides a clear structure for earning rewards.

DIRECTORS' REPORT

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

In accordance with best practice corporate governance, the structures of remuneration for non-executive directors and for executives are separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Nominations, Remuneration & Corporate Governance Committee. The Nominations, Remuneration & Corporate Governance Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

There are no bonuses payable to non-executive directors, and there are no termination payments for non-executive directors on retirement from office, other than statutory superannuation entitlements. Non-executive directors are not granted options.

ASX Listing Rules require that the aggregate of non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the 2013 Annual General Meeting, where the shareholders approved a maximum aggregate remuneration of $750,000, including statutory superannuation contributions.

Executive remuneration

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

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- long-term incentives, currently consisting of restricted shares purchased on market
- other remuneration such as superannuation and long service leave.

The combination of these components comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits (if any), is reviewed annually by the Nominations, Remuneration & Corporate Governance Committee, based on individual and business unit performance, the overall performance of the consolidated entity, and comparable market remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentive ('STI') program includes bonuses and share issues and is designed to align the targets of executives with the targets of the consolidated entity. STI payments and share issues are granted to executives based on the achievement of specific annual targets and key performance indicators ('KPIs'). During FY16, applicable KPIs related to revenue growth at each operating business, namely the Star Vegas and the Aristo International Hotel, as well as the achievement of budgeted EBITDA targets for the consolidated entity. The FY16 KPIs were chosen to ensure that management focused on driving top-line revenue growth at both of the Company's operating businesses, while ensuring that focus was also maintained on cost control across the Group, to ensure that the budgeted earnings growth would be achieved.

The long-term incentive ('LTI') program currently consists of restricted shares purchased on market. For FY16 and prior financial years, the LTI consisted of participation in the Company's option plan. Options were awarded on an annual basis, ensuring that at any given time, the executives have at risk a number of plans, with different vesting periods and amounts. This also helps to smooth out both the risk and the cash flow for the Company and for executives. The option plan was established pursuant to shareholder approval given at the Annual General Meeting held on 21 November 2013.

Consolidated entity performance and link to remuneration

Remuneration for certain executives is directly linked to performance of the consolidated entity. Bonus and incentive payments are dependent on defined KPIs being met, and are at the discretion of the Nominations, Remuneration and Corporate Governance Committee.

The section headed 'Additional Information' below provides information on the movements in revenue, earnings, share price and market capitalisation for the consolidated entity over the past three years.

The increases in revenue and earnings during FY16 are directly attributable to the successful acquisition of the Star Vegas resort and club on 1 July 2015. This has transformed the size and scale of the consolidated entity. In addition, management initiatives have significantly improved the performance of the Aristo International Hotel during FY16.

The Nominations, Remuneration & Corporate Governance Committee is of the opinion that the expansion of the size and scale of the consolidated entity's revenues, earnings, profits and cash flow during the year can be attributed in part to the adoption of performance-based compensation, and is satisfied with the upwards trend in shareholder wealth. The Committee also considers that the remuneration framework in place will continue to increase shareholder wealth if maintained over the coming years, subject to any adjustments that are necessary or desirable to reflect the Company's growth.

Use of remuneration consultants

During the financial year ended 30 June 2016, the consolidated entity received a remuneration recommendation (as defined in the Corporations Act) from Egan Associates Pty Limited, to review its existing remuneration policies and provide market benchmarking. Egan Associates was paid $25,725 plus GST for these services.

An agreed set of protocols is put in place at the time of engaging remuneration consultants, to ensure that any remuneration recommendations are free from undue influence from key management personnel. The Board is satisfied that there was no undue influence.

Voting and comments made at the Company's 2015 Annual General Meeting ('AGM')

At the AGM held on 26 November 2015, 95.89% of the eligible votes received supported the adoption of the remuneration report for the year ended 30 June 2015. Eligible votes received represented approximately 30% of the total voting power in the Company at that time. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Donaco International Limited:

- Stuart James McGregor – Non-Executive Director and Chairman
- Joey Lim Keong Yew – Managing Director and Chief Executive Officer
- Benedict Paul Reichel – Executive Director, General Counsel and Company Secretary
- Benjamin Lim Keong Hoe – Non-Executive Director
- Robert Andrew Hines – Non-Executive Director
- Ham Techatut Sukjaroenkraisri (appointed 1 July 2015) – Executive Director
- Paul Porntat Amatavivadhana (appointed 1 July 2015) – Non-Executive Director

And the following persons:

- Richard Na Chun Wee – Deputy Group CEO (resigned 31 March 2016)
- Kenny Goh Kwey Biaw – Deputy Chief Financial Officer and CEO of Donaco Singapore
- Chong Kwong Yang (appointed 1 July 2015) – Chief Financial Officer
- Att Asavanund (appointed 1 December 2015) – Chief Operating Officer and (from 1 May 2016) Deputy Chief Executive Officer

	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
	Cash salary and fees	Bonus	Super	Leave entitlements	Equity-settled	Total
2016	$	$	$	$	$	$
Non-Executive Directors						
S J McGregor	155,606	–	14,783	–	–	170,389
Lim K H	195,521	–	–	–	–	195,521
R A Hines	137,300	–	13,044	–	–	150,344
P P Amatavivadhana	106,104	–	–	–	–	106,104
Executive Directors						
Lim K Y	696,106	349,198	–	–	405,145	1,450,449
B P Reichel	224,799	113,052	33,347	13,172	217,952	602,322
H T Sukjaroenkraisri	23,220	–	–	–	–	23,220
Other Key Management Personnel						
Na C W	298,632	232,268	–	–	523,920	1,054,820
Goh K B	266,362	84,954	–	–	314,423	665,739
Chong K Y	193,708	32,000	21,933	5,169	–	252,810
A Asavanund	144,165	–	–	–	–	144,165
	2,441,523	811,472	83,107	18,341	1,461,440	4,815,883

	SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
	Cash salary and fees	Bonus	Super	Leave entitlements	Equity-settled	Total
2015	$	$	$	$	$	$
Non-Executive Directors						
S J McGregor	155,606	–	14,783	–	–	170,389
Lim K H	144,792	–	–	–	–	144,792
R A Hines	137,300	–	13,044	–	–	150,344
Executive Directors						
Lim K Y	514,008	163,293	–	–	160,187	837,488
B P Reichel	219,716	50,000	25,623	7,600	112,301	415,240
Other Key Management Personnel						
Na C W	342,075	108,796	–	–	327,131	778,002
Goh K B	154,746	46,152	–	–	224,561	425,459
	1,668,243	368,241	53,450	7,600	824,180	2,921,714

DIRECTORS' REPORT

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI	
NAME	2016	2015	2016	2015	2016	2015
Non-Executive Directors						
S J McGregor	100%	100%	0%	0%	0%	0%
Lim K H	100%	100%	0%	0%	0%	0%
R A Hines	100%	100%	0%	0%	0%	0%
P P Amatavivadhana	100%	–	0%	–	0%	–
Executive Directors						
Lim K Y	48%	61%	24%	19%	28%	20%
B P Reichel	43%	53%	19%	12%	36%	35%
H T Sukjaroenkraisri	100%	–	0%	–	0%	–
Other Key Management Personnel						
Na C W	28%	44%	22%	14%	50%	42%
Goh K B	40%	36%	13%	11%	47%	53%
Chong K Y	87%	–	13%	–	0%	–
A Asavanund	100%	–	0%	–	0%	–

The proportion of the cash bonus paid/payable or forfeited is as follows:

	CASH BONUS PAID/PAYABLE		CASH BONUS FORFEITED	
NAME	2016	2015	2016	2015
Executive Directors				
Lim K Y	100%	100%	–	–
B P Reichel	100%	100%	–	–
H T Sukjaroenkraisri	n/a	n/a	n/a	n/a
Other Key Management Personnel				
Na C W	100%	100%	–	–
Goh K B	100%	100%	–	–
Chong K Y	100%	n/a	n/a	n/a
A Asavanund	n/a	n/a	n/a	n/a

DNA Star Vegas contributed to earnings from 1 July 2015 for the full 12 months following its acquisition, and achieved a 21% increase in EBITDA in local currency terms to THB2.2 billion under Donaco ownership, compared to the previous year.

DIRECTORS' REPORT

Criteria for performance-based remuneration

The short-term incentive ('STI') program is designed to align the targets of executives with the targets of the consolidated entity. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPIs') being achieved. The Board, advised by the Nominations, Remuneration & Corporate Governance Committee, applied these criteria in determining the award of performance-based remuneration during the year.

Performance-based bonuses and share issues were paid in October 2015, $712,959 cash bonuses were awarded to the executive directors and other key management personnel. A break up of the bonuses paid is in the tables above.

Further shares were issued to key management personnel with a value of $341,455 as set out below. These bonuses related to performance during FY15. The relevant criteria for award of these bonuses related to the achievement of corporate objectives, specifically the successful acquisition of DNA Star Vegas, and the successful raising of $132 million to enable the consolidated entity to pursue its objectives.

For performance during FY16, the relevant criteria for the award of bonuses relate to revenue growth at each operating business, namely the Star Vegas and the Aristo International Hotel, as well as the achievement of budgeted EBITDA targets for the consolidated entity.

The proportion of the share options granted or forfeited is as follows:

	SHARE OPTIONS GRANTED		SHARE OPTIONS FORFEITED	
NAME	2016	2015	2016	2015
Executive Directors				
Lim K Y	100%	100%	–	–
B P Reichel	100%	100%	–	–
Other Key Management Personnel				
Na C W	100%	100%	–	–
Goh K B	100%	100%	–	–

The proportion of the share issued or forfeited is as follows:

	SHARES ISSUED		SHARES FORFEITED	
NAME	2016	2015	2016	2015
Executive Directors				
Lim K Y	100%	100%	–	–
B P Reichel	100%	100%	–	–
Other Key Management Personnel				
Na C W	100%	100%	–	–
Goh K B	100%	100%	–	–

The Aristo International Hotel also recorded impressive growth, with EBITDA increasing by 61% in local currency terms to RMB51 million.

Service agreements

Remuneration and other terms of employment for the Managing Director, Chief Financial Officer and the other key management personnel are formalised in contracts of employment. The service agreements specify the components of remuneration, benefits and notice periods. The specified executives are employed under contracts with no fixed term.

The Company may terminate the contracts immediately if the executive is guilty of serious misconduct or wilful neglect of duties. Otherwise, the Company may terminate the contracts by giving three months' notice or paying three months' salary, or six months in the case of Mr Reichel. In the case of Mr J Lim, termination for any reason other than just cause will result in a termination payment of 24 months' base salary.

Share-based compensation

Issue of shares

Shares are issued to employees under the STI subject to meeting KPIs outlined above.

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

NAME	DATE	SHARES	ISSUE PRICE	$
Lim K Y	1 October 2015	200,829	$0.70	140,580
B P Reichel	1 October 2015	71,429	$0.70	50,000
Na C W	1 October 2015	147,071	$0.70	102,950
Goh K B	1 October 2015	68,464	$0.70	47,925
		487,793		341,455

Approval for the issue of these shares was obtained pursuant to ASX Listing Rule 10.14.

Options

Options are not issued subject to any performance hurdles. Options are issued to key management personnel with an exercise price equal to market value. Therefore the options are only of value to the holder if the share price increases. This links the key management personnel compensation with shareholder value.

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

GRANT DATE	VESTING DATE AND EXERCISABLE DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER OPTION AT GRANT DATE
1 July 2015	1 July 2015	1 July 2017	$0.89	$0.3777
1 July 2015	1 July 2016	1 July 2018	$0.89	$0.4368
1 July 2015	1 July 2017	1 July 2019	$0.89	$0.4941
25 August 2015	1 July 2016	1 July 2018	$0.77	$0.1516
25 August 2015	1 July 2017	1 July 2019	$0.77	$0.1816
25 August 2015	1 July 2018	1 July 2020	$0.77	$0.2084

Options granted carry no dividend or voting rights.

Approval for the issue of these options was obtained pursuant to ASX Listing Rule 10.14.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

NAME	NUMBER OF OPTIONS GRANTED DURING THE YEAR 2016	NUMBER OF OPTIONS GRANTED DURING THE YEAR 2015	NUMBER OF OPTIONS VESTED DURING THE YEAR 2016	NUMBER OF OPTIONS VESTED DURING THE YEAR 2015
Lim K Y	2,002,967	407,371	326,116	152,466
B P Reichel	1,001,484	407,372	229,796	152,468
Na C W	1,335,312	1,585,594	653,872	550,766
Goh K B	412,376	1,210,174	442,099	410,258

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

	VALUE OF OPTIONS GRANTED DURING THE YEAR	VALUE OF OPTIONS EXERCISED DURING THE YEAR	NUMBER OF OPTIONS LAPSED DURING THE YEAR	REMUNERATION CONSISTING OF OPTIONS FOR THE YEAR
NAME	$	$	$	%
Lim K Y	483,908	–	–	16%
B P Reichel	241,954	–	–	26%
Na C W	322,606	–	–	38%
Goh K B	99,628	–	–	39%

Details of options over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

NAME	GRANT DATE	VESTING DATE	NUMBER OF OPTIONS GRANTED	VALUE OF OPTIONS GRANTED $	VALUE OF OPTIONS VESTED $	NUMBER OF OPTIONS LAPSED	VALUE OF OPTIONS LAPSED $
Lim K Y	1 July 2014	1 July 2015	–	–	74,800	–	–
	1 July 2015	1 July 2015	506,472	218,280	72,760	–	–
	25 August 2015	Various	1,496,495	265,628	–	–	–
Total			2,002,967	483,908	147,560	–	–
B P Reichel	1 July 2014	1 July 2015	–	–	74,800	–	–
	1 July 2015	1 July 2015	253,236	109,140	36,380	–	–
	25 August 2015	Various	748,248	132,814	–	–	–
Total			1,001,484	241,954	111,180	–	–
Na C W	1 July 2014	1 July 2015	–	–	294,460	–	–
	1 July 2015	1 July 2015	337,648	145,520	48,507	–	–
	25 August 2015	Various	997,664	177,086	–	–	–
Total			1,335,312	322,606	342,967	–	–
Goh K B	1 July 2014	1 July 2015	–	–	225,526	–	–
	1 July 2015	1 July 2015	104,274	44,940	14,980	–	–
	25 August 2015	Various	308,102	54,688	–	–	–
Total			412,376	99,628	240,506	–	–

Additional information

The earnings of the consolidated entity for the four years to 30 June 2016 are summarised below:

	2016 $	2015 $	2014 $	2013 $
Revenue from continuing operations	143,385,778	19,108,431	21,111,819	16,076,337
EBITDA	55,532,350	550,295	8,861,216	6,888,780
Profit after income tax	78,723,501	(2,928,075)	6,793,403	7,026,196

Information relating to previous years is not directly comparable, as the consolidated entity listed on the ASX part way through 2013.

Other factors that are considered to affect total shareholder return are summarised below:

	2016	2015	2014	2013
Share price at financial year end ($)	0.42	0.72	0.90	0.34
Market capitalisation at year end ($)	344,952,741	623,042,723	414,254,367	126,372,057
Basic earnings per share (cents per share)	9.47	(0.54)	2.22	2.53

The significant increases in revenue, earnings, net profit after tax and earnings per share can be attributed in part to the consolidated entity's remuneration practices and policies set out above.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	BALANCE AT THE START OF THE YEAR	RECEIVED AS PART OF REMUNERATION	ADDITIONS	DISPOSALS/ OTHER	BALANCE AT THE END OF THE YEAR
Na C W	4,996,744	147,071	–	(3,346,744)	1,797,071
Goh K B	731,395	68,464	–	(31,395)	768,464
	415,656,934	487,793	73,948,371	(3,378,139)	486,714,959

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Options over ordinary shares	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR	VESTED AMOUNT	UNVESTED AMOUNT
Lim K Y	407,371	2,002,967	–	–	2,410,338	478,582	1,931,757
B P Reichel	407,372	1,001,484	–	–	1,408,856	382,264	1,026,592
Na C W	1,585,594	1,335,312	–	–	2,920,906	1,204,638	1,716,268
Goh K B	1,210,174	412,376	–	–	1,622,550	852,357	770,193
	3,610,511	4,752,140	–	–	8,362,651	2,917,841	5,444,810

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT

SHARES UNDER OPTION

Unissued ordinary shares of Donaco International Limited under option at the date of this report are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
1 July 2014	1 July 2017	$0.590	1,294,836
1 July 2014	1 July 2018	$0.590	1,249,716
1 July 2015	1 July 2017	$0.890	457,047
1 July 2015	1 July 2018	$0.890	395,208
1 July 2015	1 July 2019	$0.890	349,376
25 August 2015	1 July 2018	$0.770	1,385,700
25 August 2015	1 July 2019	$0.770	1,156,784
25 August 2015	1 July 2020	$0.770	1,008,025
			7,296,692

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

In addition to the above, on 7 July 2015 Donaco International Limited issued 70 warrants to subscribe for its ordinary shares. Each warrant has a notional value of USD100,000. The warrants have a term of 39 months and expire on 6 October 2018. The exercise price is AUD0.7579 cents and the maximum number of ordinary shares which may be issued is 12,339,408. The Company may elect to settle the difference between the share price and exercise price in cash.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The were no ordinary shares of Donaco International Limited issued, during the year ended 30 June 2016 and up to the date of this report, on the exercise of options granted (2015: 3,295,767).

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF WILLIAM BUCK

There are no officers of the Company who are former partners of William Buck.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

AUDITOR

William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298 (2) (1) of the Corporations Act 2001.

On behalf of the directors

Mr Stuart McGregor
Chairman

30 September 2016
Melbourne

Aristo together with Red Cross Association of Lao Cai province set up a Humanitarian fund box at Aristo. Customers and staff can donate money into this box, then Red Cross Association will open it periodically for charity activities.

William Buck

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

I declare that, to the best of my knowledge and belief during the year ended 30 June 2016 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

MNevill

M Nevill
Partner
Dated this 30th day of September, 2016

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	CONSOLIDATED 2016	2015
		$	$
Revenue from continuing operations	4	143,385,778	19,108,431
Other income/(expense)	5	2,596,962	(427,602)
Gain on bargain purchase	41	55,165,316	–
Total income		201,148,056	18,680,829
Expenses			
Food and beverages		(6,182,949)	(2,208,639)
Employee benefits expense		(22,773,119)	(9,902,974)
DSV Management Fee	41	(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 and consultants		(13,304,649)	(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		(7,264,048)	(1,661,596)
Finance costs		(20,545,536)	(1,683,159)
Total expenses		(118,277,941)	(23,883,352)
Profit/(loss) before income tax expense from continuing operations		82,870,115	(5,202,523)
Income tax (expense)/benefit	7	(3,996,731)	361
Profit/(loss) after income tax expense from continuing operations		78,873,384	(5,202,162)
Profit after income tax expense from discontinued operations	8	–	2,201,761
Profit/(loss) after income tax expense for the year		78,873,384	(3,000,401)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		7,763,303	12,412,538
Other comprehensive income for the year, net of tax		7,763,303	12,412,538
Total comprehensive income for the year		86,636,687	9,412,137
Profit/(loss) for the year is attributable to:			
Non-controlling interest		149,883	(72,326)
Owners of Donaco International Limited		78,723,501	(2,928,075)
		78,873,384	(3,000,401)

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	CONSOLIDATED 2016	2015
	$	$
Total comprehensive income for the year is attributable to:		
Continuing operations	149,883	(72,326)
Non-controlling interest	149,883	(72,326)
Continuing operations	86,486,804	7,282,702
Discontinued operations	–	2,201,761
Owners of Donaco International Limited	86,486,804	9,484,463
	86,636,687	9,412,137

	NOTE	CONSOLIDATED 2016	2015
		CENTS	CENTS
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Donaco International Limited			
Basic earnings per share	38	9.47	(0.95)
Diluted earnings per share	38	9.47	(0.91)
Earnings per share for profit from discontinued operations attributable to the owners of Donaco International Limited			
Basic earnings per share	38	0.00	0.41
Diluted earnings per share	38	0.00	0.39
Earnings per share for profit/(loss) attributable to the owners of Donaco International Limited			
Basic earnings per share	38	9.47	(0.54)
Diluted earnings per share	38	9.47	(0.52)

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

Donation of bicycles to disadvantaged students in Bac Ha district in Vietnam.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	CONSOLIDATED 2016	2015
		$	$
Assets			
Current assets			
Cash and cash equivalents	9	78,221,019	210,175,119
Trade and other receivables	10	24,002,817	2,064,923
Inventories	11	1,418,876	700,866
Prepaid construction costs	12	12,800	273,207
Other current assets	13	3,120,464	11,883,206
Total current assets		106,775,976	225,097,321
Non-current assets			
Property, plant and equipment	14	171,715,958	82,017,909
Intangibles (inc. licences)	15	403,005,941	2,464,577
Construction in progress	16	1,143,158	205,737
Other	17	78,451	533,765
Total non-current assets		575,943,508	85,221,988
Total assets		682,719,484	310,319,309
Liabilities			
Current liabilities			
Trade and other payables	18	47,754,947	16,016,059
Borrowings	19	40,107,134	2,962,712
Financial liabilities	20	1,794,520	–
Income tax	21	1,560,149	427,505
Employee benefits	22	482,097	315,879
		91,698,847	19,722,155
Non-current liabilities			
Borrowings – non-current	23	111,693,999	13,217,093
Employee benefits – non-current	24	16,212	9,011
Total non-current liabilities		111,710,211	13,226,104
Total liabilities		203,409,058	32,948,259
Net assets		479,310,426	277,371,050
Equity			
Issued capital	25	360,968,368	246,719,609
Reserves	26	24,574,755	15,757,522
Retained profits	27	92,630,958	13,907,457
Equity attributable to the owners of Donaco International Limited		478,174,081	276,384,588
Non-controlling interest		1,136,345	986,462
Total equity		479,310,426	277,371,050

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	ISSUED CAPITAL	RESERVES	RETAINED PROFITS	NON-CONTROLLING INTEREST	TOTAL EQUITY
CONSOLIDATED	$	$	$	$	$
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
Transactions with owners in their capacity as owners:					
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	246,719,609	15,757,522	13,907,457	986,462	277,371,050

Pursuant to the sale of iSentric Sdn Bhd to OMI Holdings Limited which took effect on 8 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.

	ISSUED CAPITAL	RESERVES	RETAINED PROFITS	NON-CONTROLLING INTEREST	TOTAL EQUITY
CONSOLIDATED	$	$	$	$	$
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	–	–	78,723,501	149,883	78,873,384
Other comprehensive income for the year, net of tax	–	7,763,303	–	–	7,763,303
Total comprehensive income for the year	–	7,763,303	78,723,501	149,883	86,636,687
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 41)	154,999,579	–	–	–	154,999,579
Shares issued to employees	341,455	–	–	–	341,455
Adjustment to value of shares issued for acquisition (note 41)	(41,363,075)	–	–	–	(41,363,075)
Employee share options	–	1,324,730	–	–	1,324,730
Transfer from reserves	270,800	(270,800)	–	–	–
Balance at 30 June 2016	360,968,368	24,574,755	92,630,958	1,136,345	479,310,426

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

	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)
		71,115,206	10,825,080
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	37	48,657,537	8,502,462
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	41	(316,451,000)	–
Payment of expenses relating to acquisitions	41	(11,819,338)	–
Proceeds from disposal of property, plant and equipment		–	1,003
Other		–	6,720
Net cash flows from investing activities		(330,085,975)	(31,970,709)
Cash flow from financing activities			
Proceeds from issue of shares		–	132,515,339
Net borrowings		144,744,337	1,785,151
Share issue transaction costs	41	(443,131)	(7,260,638)
Net cash flows from financing activities		144,301,206	127,039,852
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	9	78,221,019	210,175,119

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the consolidated entity.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Donaco International Limited ('Company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Donaco International Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

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

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Casino revenue

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

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

Sale of goods

The consolidated entity sale of goods consist of food and beverages sales. Revenue from the sale of goods is recognised at the point of sale, when a Group entity sells a product to the customer.

Rendering of services

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

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Cash flow

For the purposes of the statement of cash flows receipt from customers includes gross casino winnings, and gross slot machine takings and payment to suppliers includes payments from slot machines, commission payments to customers, junkets and profit sharing to slot operators.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

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

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

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings and structures	25 years
Machinery and equipment	5–10 years
Motor vehicles	3–6 years
Office equipment and other	3–10 years
Furniture and fittings	5 years
Consumables	1–8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to the statement profit or loss and other comprehensive income, on a straight-line basis over the term of the lease.

Intangible assets

Land rights

The intangible asset includes costs incurred to acquire interests in the usage of land in the Socialist Republic of Vietnam for the original hotel, located in Lao Cai. The term of the agreement is 30 years from the initial licensing date of 19 July 2002. These land use rights are stated at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis over a period of 30 years, from the licensing date. At the expiry of the land term it is expected that the relevant State body will consider an application for extension.

Casino License

The Group considers casino licences to be intangible assets with indefinite useful lives. Accordingly, they are not amortised and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses. Impairment losses on casino licences are recognised in the profit or loss.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Prepaid construction costs

Amounts recognised as prepaid construction costs relate to tranche payments made to third party developers in connection with the construction of the new Lao Cai Casino. Tranche payments are made in advance of construction work being performed in accordance with the terms of the contractor agreements; however, once associated works have been completed an amount equal to the tranche payment is transferred from prepaid construction costs to construction in progress. Once recognised as part of construction in progress the amounts are then carried on the statement of financial position at cost, until such time as the asset is completed and ready for its intended use. Work in progress is not depreciated, but tested for impairment annually. Once ready for its intended use an amount equal to the cost of the completed asset will be transferred to property, plant and equipment and accounted for in accordance with the consolidated entity's accounting policy for property, plant and equipment.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Warrants

Warrants issued as part of financing arrangements, which may be net settled in cash or through the issue of shares of the parent entity, are recognised as derivative financial liabilities measured at fair value through profit or loss. The fair value of the warrants is determined using the Black Scholes model.

At each reporting date the warrants are revalued to fair value with any difference recognised in the profit or loss.

As the warrants were issued in connection with a loan facility, on initial recognition the fair value of the related loan facility is calculated as the difference between the proceeds and the fair value of the warrants.

The difference between the fair value of the loan facility and the proceeds is then amortised over the term of the loan using the effective interest rate method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be wholly settled within 12 months of the reporting date, are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using an amended Black Scholes model that takes into account the exercise price, the term of the option, an exercise price multiple, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, they are treated as if they have vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award are treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments recognised at fair value in the consolidated statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

b. Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

c. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

During the current reporting period, the Group issued warrants which are classified as derivative financial liabilities and which are measured at fair value through profit or loss. The warrants (as detailed in note 20) are classified as level 2 in the fair value hierarchy, as the value is based on an adjustment to quoted market prices.

The warrants are measured using a Black Scholes model.

There were no transfers between the levels of the fair value hierarchy during either the current or previous reporting period.

The directors consider that the carrying amount of all other financial assets and liabilities recorded in the financial statements approximate their fair value.

Issued capital

Ordinary shares are classified as equity.

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

Dividends

Provision is made for the amount of any dividend declared, determined or announced by the directors on or before the end of the financial year but not distributed at balance date.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Donaco International Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

AASB 9 Financial Instruments and applicable amendments, effective from 1 January 2018, addresses the classification, measurement and derecognition of financial assets and financial liabilities. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. It has now also introduced revised rules around hedge accounting and impairment. The consolidated entity will adopt this standard and the amendments from 1 July 2017 and it does not expect this to have a significant impact on the recognition and measurement of the consolidated entity's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the consolidated entity does not apply hedge accounting.

AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)

This standard makes amendments to AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets. The main principle is to establish the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset rather than associated to revenue streams. This standard applies to annual reporting periods beginning on or after 1 January 2016. The Company has not elected early adoption.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determination of the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 and is assessing the impact of its adoption.

AASB 16 Leases

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16. AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The accounting by lessors, however, will not significantly change. The Company has not elected early adoption and is assessing the impact of its adoption.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

AASB 119 Employee Benefits contains new requirements when estimating the discount rate for post-employment benefit obligations. It clarifies that the high quality corporate bond should be used and denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. The consolidated entity will adopt this standard from 1 July 2016 but the impact of its adoption is yet to be assessed.

IFRS 2 – Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

This standard amends to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash settled share-based payments and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. Adoption of IFRS 2 is not mandatory until annual period beginning on or after 1 January 2018. The potential financial impact to the Group is not yet possible to determine.

NOTE 2. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by using an amended Black Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

The value of shares issued to employees is based on the market value of shares traded on the ASX at the time of issue.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates, including Cambodia, Vietnam and Hong Kong. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Warrants

The consolidated entity measures the cost of warrants issued by the reference to the fair value of the equity instruments at the date at which they are granted. The fair value of warrants is determined by using an amended Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

Employee share trust and option trust

The consolidated entity has engaged an external unrelated third party to form trusts to administer the Group's employee share schemes. The consolidated entity has no ownership interest in the trusts and the trusts are not consolidated as they are not controlled by the consolidated entity. In determining whether or not the consolidated entity had control over the trusts, management considered the trust's status as an independent trust with an independent trustee, which holds the assets for the benefit of the employees rather than the consolidated entity.

In making this determination management have considered a number of factors, the most relevant being that the trust deed which governs the trusts, outlines that the trustees have no obligation to comply with the consolidated entity's directions in respect of the allocation and issue of shares and share options.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into three operating segments: Casino operations in Vietnam, Casino operations in 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 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.

Operating segment information for continuing and discontinuing operations

	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	–	–	2,596,962	2,596,962
Total income	23,216,165	120,116,215	57,815,676	201,148,056
EBITDA	11,683,102	66,571,238	(22,721,990)	55,532,350
Depreciation and amortisation	(5,704,998)	(4,008,916)	(232,062)	(9,945,976)
Interest revenue	13,962	–	53,037	66,999
Other income	–	–	57,774,655	57,774,655
Net exchange gains/(losses)	(557,147)	–	544,770	(12,377)
Non-controlling interest	(149,883)	–	–	(149,883)
Finance costs	(1,466,270)	–	(19,079,266)	(20,545,536)
Profit before income tax expense	3,818,766	62,562,322	16,339,144	82,720,232
Income tax expense				(3,996,731)
Profit after income tax expense attributable to the owners of Donaco International Limited				78,723,501
Assets				
Segment assets	97,614,196	537,688,394	47,416,894	682,719,484
Total assets				682,719,484
Liabilities				
Segment liabilities	28,996,850	29,961,285	144,450,923	203,409,058
Total liabilities				203,409,058

	CASINO OPERATIONS	GAMING TECHNOLOGY OPERATIONS*	CORPORATE OPERATIONS	TOTAL
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	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)
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 included iSentric Sdn Bhd, Way2Bet Pty Ltd and Donaco Australia Pty Ltd which were discontinued operations as at 30 June 2015.

Geographical information

	SALES TO EXTERNAL CUSTOMERS 2016	SALES TO EXTERNAL CUSTOMERS 2015	GEOGRAPHICAL NON-CURRENT ASSETS 2016	GEOGRAPHICAL NON-CURRENT ASSETS 2015
	$	$	$	$
Australia	361	1,308	33,286,593	3,038,226
Vietnam	23,202,203	17,069,618	494,361,114	82,183,762
Cambodia	120,116,215	–	48,295,800	–
Other countries (discontinuing operation)	–	1,296,742	–	–
	143,318,779	18,367,668	575,943,508	85,221,988

Revenue and other income

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Total reportable segment revenues	143,318,779	17,070,926
Other segment revenues	57,829,277	1,609,903
Discontinued operation	–	1,299,271
Total revenue and other income	201,148,056	19,980,100

NOTE 4. REVENUE

	CONSOLIDATED 2016	CONSOLIDATED 2015
FROM CONTINUING OPERATIONS	$	$
Sales revenue		
Casino	143,318,418	17,069,618
Corporate operations	361	1,308
Interest	66,999	2,037,505
Revenue from continuing operations	143,385,778	19,108,431

NOTE 5. OTHER INCOME/(EXPENSE)

	CONSOLIDATED 2016	CONSOLIDATED 2015
	$	$
Net foreign exchange loss	(12,377)	(427,602)
Gain on derivative financial instrument at fair value through the profit and loss	2,609,339	–
Other income/(expense)	2,596,962	427,602)

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FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6. EXPENSES

	CONSOLIDATED 2016	2015
	$	$
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Land, buildings and structures	4,278,759	1,369,625
Furniture and fittings	483,024	–
Machinery and equipment	2,786,083	1,459,734
Office equipment and other	285,413	202,989
Motor vehicles	115,978	101,022
Consumables	1,994,417	1,721,646
	9,943,674	4,855,016
Amortisation		
Land right	2,302	2,104
Total depreciation and amortisation	9,945,976	4,857,120
Operating lease payments	526,546	376,247
M&A costs	11,819,338	–
Superannuation expense		
Defined contribution superannuation expense	92,249	71,310

NOTE 7. INCOME TAX EXPENSE/(BENEFIT)

	CONSOLIDATED 2016	2015
	$	$
Income tax expense/(benefit)		
Current tax	3,232,356	–
Adjustment recognised for prior periods	764,375	(361)
Aggregate income tax expense/(benefit)	3,996,731	(361)
Income tax expense/(benefit) is attributable to:		
Profit/(loss) from continuing operations	3,996,731	(361)
Profit from discontinued operations	–	–
Aggregate income tax expense/(benefit)	3,996,731	(361)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit from continuing operations	82,870,115	(5,202,523)
Profit before income tax expense from discontinued operations	–	2,201,761
	82,870,115	(3,000,762)
Tax at the statutory tax rate of 30%	24,861,035	(900,229)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable or deductible items		
Gain on bargain purchase	(16,549,595)	–
Other items	846,404	472,075
	9,157,844	(428,154)
Adjustment recognised for prior periods	764,375	(361)
Difference in overseas tax rates	(5,925,488)	428,154
Income tax expense/(benefit)	3,996,731	(361)

The Aristo International Hotel recorded EBITDA growth of 61.4%, underpinned by an impressive increase in both gaming and non-gaming revenue, together with stringent cost control measures.

NOTE 8. 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 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.

Financial performance information

	CONSOLIDATED	
	2016	2015
	$	$
Discontinued revenue mobile business solution	–	1,148,201
Gaming technology operations	–	148,541
Interest	–	2,259
Total revenue	–	1,299,271
Other income	–	12,824
Cost of sales	–	(746,309)
Employee benefits expense	–	(196,389)
Depreciation and amortisation expense	–	(2,743)
Legal and compliance	–	(20,283)
Marketing and promotions	–	(79,452)
Professional and consulting fees	–	(174,112)
Property costs	–	(6,972)
Telecommunications and hosting	–	(9,929)
Discontinued tax expense	–	(30,123)
Other expenses	–	(47,396)
Total expenses	–	(1,313,708)
Profit/(loss) before income tax expense	–	(1,613)
Income tax expense	–	–
Profit/(loss) after income tax expense	–	(1,613)
Discontinued disposal iSentric	–	1,753,464
Discontinued disposal Way2Bet	–	449,910
Income tax expense	–	–
Gain on disposal after income tax expense	–	2,203,374
Profit after income tax expense from discontinued operations	–	2,201,761

Cash flow Information

	CONSOLIDATED	
	2016	2015
	$	$
Net cash from operating activities	–	1,613,329
Net cash used in investing activities	–	–
Net increase in cash and cash equivalents from discontinued operations	–	1,613,329

Carrying amounts of assets and liabilities disposed

	CONSOLIDATED	
	2016	2015
	$	$
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	–	5,666,299
Trade and other payables	–	2,790,322
Total liabilities	–	2,790,322
Net assets	–	2,875,977

Details of the disposal

	CONSOLIDATED	
	2016	2015
	$	$
Total sale consideration	–	12,450,000
Carrying amount of net assets disposed	–	(2,875,977)
Goodwill disposed	–	(7,370,649)
Gain on disposal before income tax	–	2,203,374
Gain on disposal after income tax	–	2,203,374

NOTE 9. 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 10. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2016	2015
	$	$
Trade receivables	23,980,928	1,010,426
Interest receivable on bank deposits	1,678	7,485
BAS and VAT receivable	20,212	1,047,012
	24,002,818	2,064,923

Impairment of receivables

The consolidated entity has recognised a loss of $0 (2015: $0) in profit or loss in respect of impairment of receivables for the year ended 30 June 2016.

NOTE 11. CURRENT ASSETS – INVENTORIES

	CONSOLIDATED	
	2016	2015
	$	$
Food and beverage – at cost	1,418,876	700,866

NOTE 12. CURRENT ASSETS – PREPAID CONSTRUCTION COSTS

	CONSOLIDATED	
	2016	2015
	$	$
Prepaid construction costs	12,800	273,207

Amounts recognised as prepaid construction costs relate to tranche payments made to third party developers in connection with the construction of the new Aristo Casino. Tranche payments are made in advance of construction work being performed in accordance with the terms of the contractor agreements; however, once associated works have been completed an amount equal to the tranche payment is transferred from prepaid construction costs to non-current construction in progress.

NOTE 13. CURRENT ASSETS – OTHER

	CONSOLIDATED	
	2016	2015
	$	$
Bonds and security deposits	8,167	8,167
Tax receivable	–	546
Prepayments	2,606,234	11,874,493
Other receivables	506,063	–
	3,120,464	11,883,206

NOTE 14. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2016	2015
	$	$
Leasehold buildings and structures – at cost	156,603,786	62,808,775
Less: Accumulated depreciation	9,144,218)	(2,099,485)
	47,459,568	60,709,290
Furniture and fittings – at cost	4,673,598	–
Less: Accumulated depreciation	(3,716,907)	–
	956,691	–
Machinery and equipment – at cost	32,856,942	17,491,217
Less: Accumulated depreciation	(15,619,942)	(3,224,294)
	17,237,000	14,266,923
Motor vehicles – at cost	1,726,296	627,077
Less: Accumulated depreciation	(1,105,804)	(233,519)
	620,492	393,558
Office equipment and other – at cost	3,621,967	1,797,220
Less: Accumulated depreciation	(2,284,589)	(486,099)
	1,337,378	1,311,121
Consumables	4,104,829	7,058,663
Less: Accumulated depreciation	–	(1,721,646)
	4,104,829	5,337,017
	171,715,958	82,017,909

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	LEASEHOLD BUILDINGS	FURNITURE AND FITTINGS	MACHINERY AND EQUIPMENT	MOTOR VEHICLES	OFFICE EQUIPMENT AND OTHER	CONSUMABLES	TOTAL
CONSOLIDATED	$	$	$	$	$	$	$
Balance at 1 July 2014	682,009	–	2,332,152	368,590	1,469,422	1,042,404	5,894,577
Additions	61,346,689	–	11,576,307	66,193	1,214,941	5,775,378	79,979,508
Disposals	(8,525)	–	–	–	(205)	–	(8,730)
Exchange differences	58,742	–	387,480	59,797	284,954	240,881	1,031,854
Transfers in/(out)	–	–	1,430,718	–	(1,455,002)	–	(24,284)
Depreciation expense	(1,369,625)	–	(1,459,734)	(101,022)	(202,989)	(1,721,646)	(4,855,016)
Balance at 30 June 2015	60,709,290	–	14,266,923	393,558	1,311,121	5,337,017	82,017,909
Acquisition of a subsidiary	90,768,919	1,245,292	2,662,344	354,580	46,903	–	95,078,038
Additions	1,434,892	246,750	3,077,746	–	251,858	391,951	5,403,197
Disposals	–	–	(704)	–	–	–	(704)
Exchange differences	(1,008,995)	–	(35,554)	(11,668)	12,909	370,278	(673,030)
Transfers in/(out)	(165,779)	(52,327)	52,328	–	–	–	(165,778)
Depreciation expense	(4,278,759)	(483,024)	(2,786,083)	(115,978)	(285,413)	(1,994,417)	(9,943,674)
Balance at 30 June 2016	147,459,568	956,691	17,237,000	620,492	1,337,378	4,104,829	171,715,958

Consumables represent low value, high turnover items that are depreciated in accordance with company policy and local legislation.

NOTE 15. NON-CURRENT ASSETS – INTANGIBLES

	CONSOLIDATED 2016	2015
	$	$
Goodwill – at cost	2,426,187	2,426,187
Land right – at cost	70,047	69,474
Less: Accumulated amortisation	(33,650)	(31,084)
	36,397	38,390
Casino licence (note 41)	400,543,357	–
	403,005,941	2,464,577

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	GOODWILL	LAND RIGHT	CASINO LICENCE	TOTAL
CONSOLIDATED	$	$	$	$
Balance at 1 July 2014	9,796,836	33,779	–	9,830,615
Disposal	(7,370,649)	–	–	(7,370,649)
Exchange differences	–	6,715	–	6,715
Amortisation expense	–	(2,104)	–	(2,104)
Balance at 30 June 2015	2,426,187	38,390	–	2,464,577
Additions through business combinations	–	–	400,543,357	400,543,357
Exchange differences	–	309	–	309
Amortisation expense	–	(2,302)	–	(2,302)
Balance at 30 June 2016	2,426,187	36,397	400,543,357	403,005,941

Impairment testing of goodwill

Goodwill is monitored by the Chief Operating Decision Maker ('CODM') at the cash-generating unit level. CODM reviews the business performance based on geography and type of business. It has identified one reportable cash generating unit. A business-level summary of the goodwill allocation is presented below:

	CONSOLIDATED 2016	2015
	$	$
Donaco Singapore	2,426,187	2,426,187
Total goodwill	2,426,187	2,426,187

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

The Group determines whether goodwill is impaired at least on an annual basis. To do so, the Group employs a value-in-use calculation using cash flow projections from financial budgets approved by senior management. Management has forecast a strong growth rate in budgeted gross margin for FY16 based on the growth in revenue from Aristo's main gaming floor, VIP gaming, and the increase in the number of slot machines. The new hotel room, entertainment, restaurant and bar revenue lines, with associated marketing programs, will increase visitation to the new hotel, which will also contribute to overall revenue growth. Gross margin projections for future years are based on past performance and management's expectations for future performance in each segment.

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

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

The recoverable amount of the cash-generating unit of Donaco Singapore is $37,902,109. No impairment has been recognised for the year ended 30 June 2016 (2015: nil).

Land right

Intangible asset of $36,397 (2015: $38,390) relates to a 30-year land use right in the Socialist Republic of Vietnam. Land use right is stated at cost less accumulated amortisation and any impairment losses. The amortisation period is 30 years. This intangible asset is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Casino licence

The casino licence relates to the licence to operate the DNA Star Vegas casino acquired on 1 July 2015 (see note 41). The licence is stated at cost less any impairment losses. This intangible asset is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

NOTE 16. NON-CURRENT ASSETS – CONSTRUCTION IN PROGRESS

	CONSOLIDATED	
	2016	2015
	$	$
Property construction works in progress	1,143,158	205,737

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	CONSTRUCTION WIP	TOTAL
CONSOLIDATED	$	$
Balance at 1 July 2014	39,151,630	39,151,630
Additions	26,073,612	26,073,612
Exchange differences	8,869,600	8,869,600
Transfer in/(out)	(73,889,105)	(73,889,105)
Balance at 30 June 2015	205,737	205,737
Additions	1,539,648	1,539,648
Exchange differences	7,031	7,031
Transfers out	(609,258)	(609,258)
Balance at 30 June 2016	1,143,158	1,143,158

Construction relates to costs incurred by the new construction of the Aristo Casino.

Amounts previously recognised as prepaid construction costs are transferred to construction in progress, once associated works have been completed.

Once recognised as part of construction in progress the amounts are then carried on the statement of financial position at cost, until such time as the asset is completed and ready for its intended use. Work in progress is not depreciated, but tested for impairment annually. Once ready for its intended use an amount equal to the cost of the completed asset will be transferred to property, plant and equipment or non-current prepayment and accounted for in accordance with the consolidated entity's accounting policy for each asset class.

NOTE 17. NON-CURRENT ASSETS – OTHER

	CONSOLIDATED	
	2016	2015
	$	$
Other debtors	78,451	533,765

NOTE 18. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2016	2015
	$	$
Trade payables	5,046,135	3,170,019
Deposits received	111,510	115,098
Floating chips	13,652,683	12,326,032
Interest payable	93,071	141,494
Other payables and accrued expenses	28,851,548	263,416
	47,754,947	16,016,059

Refer to note 29 for further information on financial instruments.

Floating chips

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

NOTE 19. CURRENT LIABILITIES – BORROWINGS

	CONSOLIDATED	
	2016	2015
	$	$
Joint Stock Commercial Ocean Bank	2,942,907	2,916,691
Joint Stock Commercial Bank for Foreign Trade of Vietnam	–	46,021
Mega International Commercial Bank Co Ltd	37,164,227	–
	40,107,134	2,962,712

Refer to note 29 for further information on financial instruments.

Total secured liabilities

The total secured current liabilities are as follows:

	CONSOLIDATED 2016	2015
	$	$
Joint Stock Commercial Ocean Bank	2,942,907	2,916,691
Joint Stock Commercial Bank for Foreign Trade of Vietnam	–	46,021
Mega International Commercial Bank Co Ltd	37,164,227	–
	40,107,134	2,962,712

Assets pledged as security

The loan from Mega International Commercial Bank Co Ltd was drawn down on 1 July 2015 and the proceeds paid to the vendor as part of the consideration for the acquisition of DNA Star Vegas.

The loan from Mega International Commercial Bank Co Ltd is secured by the following:

i. A parent company guarantee from the parent entity for the debt owed by Donaco Hong Kong Limited;

ii. A pledge of the shares in Donaco Hong Kong Limited owned by the parent entity;

iii. A pledge of the shares in DNA Star Vegas Co Ltd owned by Donaco Hong Kong Limited;

iv. A pledge of the debt service reserve account maintained by Donaco Hong Kong Limited;

v. A security assignment of contractual rights held by the parent entity under the purchase agreement for DNA Star Vegas;

vi. A security agreement over the assets of DNA Star Vegas; and

vii. A hypothec agreement over the land and buildings of DNA Star Vegas.

Mortgage to Joint Stock Commercial Ocean Bank

The loans from Ocean Bank of Vietnam are secured by first mortgages over the land and buildings in Vietnam, more specifically the Aristo International Hotel operation.

A mortgage was registered by the Ocean Bank of Vietnam over the assets of the Aristo International Hotel, on 11 July 2011. Total borrowings as per the statement of financial position as at 30 June 2016 under this arrangement were $13,243,080 (2015: $16,041,797).

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit (current and non-current):

	CONSOLIDATED 2016	2015
	$	$
Total facilities		
Bank loans	151,801,133	21,808,808
Used at the reporting date		
Bank loans	151,801,133	16,179,805
Unused at the reporting date		
Bank loans	–	5,629,003

NOTE 20. CURRENT LIABILITIES – FINANCIAL LIABILITIES

	CONSOLIDATED 2016	2015
	$	$
Derivative financial liability at fair value through profit and loss		
Warrants	1,794,520	–

As a requirement of the terms of the Group's facility provided by OL Master Limited, the Company as guarantor has issued 70 warrants to subscribe for its ordinary shares. Each warrant has a notional value of USD100,000. The warrants have a term of 39 months and expire on 6 October 2018. The exercise price is AUD0.7579 and the maximum number of ordinary shares which may be issued is 12,334,408, and the Company may elect to settle the difference between the share price and exercise price in cash.

The warrants associated with this transaction are classified as a derivative financial liability. On initial recognition the warrants issued are measured at fair value. At each reporting date the derivative financial liability is re-valued to fair value with the movement in the fair value recorded in profit or loss.

For the warrants granted during the current financial year, fair value at grant date was $4,403,859 (2015: not applicable) and the valuation model inputs used to determine the fair value at the grant date, are as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT REPORTING DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE
07/07/2015	06/10/2018	$0.415	$0.76	90.80%	–	1.90%	$1,794,520

The remaining contractual life at 30 June 2016 is 2.27 years (2015: not applicable). The warrants are classified as current liabilities as they can be exercised at any time.

NOTE 21. CURRENT LIABILITIES – INCOME TAX

	CONSOLIDATED 2016	2015
	$	$
Provision for income tax	1,560,149	427,505

NOTE 22. CURRENT LIABILITIES – EMPLOYEE BENEFITS

	CONSOLIDATED 2016	2015
	$	$
Annual leave	39,775	52,240
Long service leave	–	18,986
Accrued salaries, wages and other benefits	442,322	244,653
	482,097	315,879

NOTE 23. NON-CURRENT LIABILITIES – BORROWINGS

	CONSOLIDATED 2016	2015
	$	$
Joint Stock Commercial Ocean Bank	10,300,174	13,125,107
Joint Stock Commercial Bank for Foreign Trade of Vietnam	–	91,986
OL Master Ltd	22,519,671	–
Mega International Commercial Bank Co Ltd	78,874,154	–
	111,693,999	13,217,093

Refer to note 29 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	CONSOLIDATED 2016	2015
	$	$
Joint Stock Commercial Ocean Bank	13,243,081	16,041,798
Joint Stock Commercial Bank for Foreign Trade of Vietnam	–	138,007
OL Master Ltd	22,519,671	–
Mega International Commercial Bank Co Ltd	116,038,381	–
	151,801,133	16,179,805

Assets pledged as security

The loan from Mega International Commercial Bank Co Ltd was drawn down on 1 July 2015 and the proceeds paid to the vendor as part of the consideration for the acquisition of DNA Star Vegas.

The loan from Mega International Commercial Bank Co Ltd is secured by the following:

i. A parent company guarantee from the parent entity for the debt owed by Donaco Hong Kong Limited;

ii. A pledge of the shares in Donaco Hong Kong Limited owned by the parent entity;

iii. A pledge of the shares in DNA Star Vegas Co Ltd owned by Donaco Hong Kong Limited;

iv. A pledge of the debt service reserve account maintained by Donaco Hong Kong Limited;

v. A security assignment of contractual rights held by the parent entity under the purchase agreement for DNA Star Vegas;

vi. A security agreement over the assets of DNA Star Vegas; and

vii. A hypothec agreement over the land and buildings of DNA Star Vegas.

A term loan facility from OL Master Limited was drawn down on 7 July 2015 to provide working capital for the consolidated entity. As a requirement of the terms of the consolidated entity's facility provided by OL Master Limited, the Company as guarantor has issued 70 warrants to subscribe for its ordinary shares. Each warrant has a notional value of USD100,000. The warrants have a term of 39 months and expire on 6 October 2018. The exercise price is AUD0.7579 and the maximum number of ordinary shares which may be issued is 12,339,408. The Company may elect to settle the difference between the share price and exercise price in cash.

Mortgage to Joint Stock Commercial Bank for Foreign Trade of Vietnam

The loans from Ocean Bank of Vietnam are secured by first mortgages over the land and buildings in Vietnam, more specifically the Aristo International Hotel operation.

On 11 July 2011, the Lao Cai International Hotel Joint Venture (the Borrower) entered into a loan agreement with Joint Stock Commercial Ocean Bank (the Lender) for a lending facility of VND180 billion, for use towards construction of the new Lao Cai International Hotel. A second agreement was signed on 25 December 2013 for a lending facility for an additional VND180 billion. The term of the loan is seven years payable by 2 October 2020.

On 7 April 2015 the Lao Cai International Hotel Joint Venture (the Borrower) entered into a second loan agreement with Joint Stock Commercial Bank for Foreign Trade of Vietnam for a lending facility of VND3 billion for the purchase of capital equipment. The term is three years at 10.5% pa.

In addition, a secondary mortgage was registered by Joint Stock Commercial Bank for Foreign Trade of Vietnam over assets of the Aristo International Hotel on 7 April 2015. Total borrowings as per the statement of financial position as at 30 June 2016 under this arrangement were $0 (2015: $138,007).

Mortgage to Joint Stock Commercial Ocean Bank

A mortgage was registered by the Ocean Bank of Vietnam over the assets of the Aristo International Hotel, on 11 July 2011. Total borrowings as per the statement of financial position as at 30 June 2016 under this arrangement were $13,243,081 (2015: $16,041,798).

NOTE 24. NON-CURRENT LIABILITIES – EMPLOYEE BENEFITS

	CONSOLIDATED 2016	2015
	$	$
Long service leave	16,212	9,011
	16,212	9,011

NOTE 25. EQUITY – ISSUED CAPITAL

	CONSOLIDATED 2016	2015	2016	2015
	SHARES	SHARES	$	$
Ordinary shares – fully paid	831,211,424	683,250,290	360,968,368	246,719,609

DETAILS	DATE	SHARES	ISSUE PRICE	$
Balance	1 July 2014	460,282,631	–	129,964,909
Issued shares	multiple	219,347,363	$0.600	131,486,827
DNAO option conversion	multiple	898,929	$0.300	1,028,511
DNAO option conversion	multiple	2,721,367	$0.280	–
Less: transaction costs arising on share issue	multiple	–	–	(7,260,638)
Return of capital on iSentric sale		–	–	(8,500,000)
Balance	30 June 2015	683,250,290	–	246,719,609
Issued shares – consideration for DNA Star Vegas Co Ltd	1 July 2015	147,199,529	$0.775	114,079,635
Employee short-term incentive*	1 October 2015	487,793	$0.700	341,455
Less: transaction costs arising on share issue	multiple	–	–	(443,131)
Transfer from share-based payments reserve for 2014 share-based payments.*	–	273,812	–	270,800
Balance at 30 June 2016		831,211,424		360,968,368

* These amounts relate to shares issued under the short-term incentive ('STI') program as discussed in the directors' report.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment.

The consolidated entity is subject to certain financing arrangements and meeting these is given priority in all capital risk management decisions. The financing arrangements contain certain covenants relating to interest cover (the ratio of consolidated EBITDA to consolidated finance charges), and debt ratio (the ratio of consolidated net debt to EBITDA), which apply to Donaco Hong Kong Limited. In addition, covenants relating to the debt equity ratio (the ratio of consolidated total debt to consolidated total equity), and minimum cash holdings, apply to the consolidated entity.

There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2015 financial statements.

NOTE 26. EQUITY – RESERVES

	CONSOLIDATED 2016	2015
	$	$
Revaluation surplus reserve	1,855,327	1,855,327
Foreign currency reserve	19,697,748	11,934,445
Employee share option reserve	3,021,680	1,967,750
	24,574,755	15,757,522

	REVALUATION SURPLUS RESERVE	EMPLOYEE SHARE OPTION RESERVE	FOREIGN CURRENCY	TOTAL
CONSOLIDATED	$	$	$	$
Balance at 1 July 2014	–	–	(478,093)	(478,093)
Revaluation – gross	2,978,285	–	–	2,978,285
Foreign currency translation	–	–	12,412,538	12,412,538
Employee share option expense	–	1,967,750	–	1,967,750
Transfer to retained earnings	(1,122,958)	–	–	(1,122,958)
Balance at 30 June 2015	1,855,327	1,967,750	11,934,445	15,757,522
Foreign currency translation	–	–	7,763,303	7,763,303
Employee share option expense	–	1,324,730	–	1,324,730
Transfer to share capital*	–	(270,800)	–	(270,800)
Balance at 30 June 2016	1,855,327	3,021,680	19,697,748	24,574,755

* The transfer to share capital related to shares issued to key management personnel subject to the short-term incentive plan.

Nature and purpose of equity reserves

Revaluation surplus

The revaluation surplus reserve is used to record increments and decrements in the fair value of net assets of disposed entities.

Employee share option

The employee share option reserve is used to recognise:

- the grant date fair value of options issued to key management personnel but not exercised; and
- the issue of options held by the Employee Share Option Trust to key management personnel.

Foreign currency

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

NOTE 27. 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/(benefit) for the year	78,723,501	(2,928,075)
Transfer to revaluation surplus reserve*	–	(2,978,285)
Transfer from other reserves**	–	1,122,958
Retained profits at the end of the financial year	92,630,958	13,907,457

* Relates to the disposal of iSentric.
** Fair value adjustment on the acquisition of non-controlling interest from 24 July 2013.

NOTE 28. EQUITY – DIVIDENDS

There were no dividends to shareholders paid, recommended or declared during the current or previous financial year. However, subsequent to the end of the financial year, the Board has announced that it intends to declare a dividend of one 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.

The consolidated entity's dividend policy is unchanged from that set out in the prospectus dated 13 December 2012, which stated:

> The Company intends to pay dividends to Shareholders in the future subject to the availability of sufficient profits and franking credits and subject to the Company's then current working capital requirements and growth plans. Shareholders should note that the payment of dividends is not guaranteed.

Franking credit balance

The dividend recommended after 30 June 2016 is fully unfranked due to insufficient franking credits as at the end of the reporting period.

	CONSOLIDATED 2016	2015
	$	$
Franking credits available for subsequent reporting periods after payment of tax liability based on a tax rate of 30% (2015: 30%)	501,543	–

NOTE 29. FINANCIAL INSTRUMENTS

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

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

Foreign currency risk

The consolidated entity is exposed to foreign exchange fluctuations in relation to cash generated for working capital purposes, denominated in foreign currencies and net investments in foreign operations, namely Vietnam and Malaysia.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. An assessment of the sensitivity of the consolidated entity's exposure to interest rate movements was performed, and was found to be immaterial for the purposes of this disclosure.

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

The average exchange rates and reporting date exchange rates applied were as follows:

	AVERAGE EXCHANGE RATE		REPORTING DATE EXCHANGE RATE	
AUSTRALIAN DOLLARS	2016	2015	2016	2015
USD	1.3730	1.2066	1.3466	1.3021
VND	0.0001	0.0001	0.0001	0.0001
CNY	0.2132	0.1951	0.2027	0.2098
MYR	0.3322	0.3485	0.3344	0.3443
SGD	0.9881	0.9200	0.9973	0.9671
HKD	0.1770	0.1556	0.1736	0.1680
THB	0.0387	NA	0.0382	NA

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	ASSETS		LIABILITIES	
CONSOLIDATED	2016	2015	2016	2015
USD	12,533,288	178,267,338	(45,600,442)	(6,013,131)
VND	1,599,488	26,998,893	(1,415,252)	(13,970,745)
CNY	8,806	8,515,466	(9,538,865)	(12,326,033)
MYR	37,714	27,636	–	(1,104)
SGD	419	47,643	–	(11,067)
HKD	24,772	94,811	(41,271)	–
THB	17,144,269	–	–	–
	31,348,756	213,951,787	(56,595,830)	(32,322,080)

A 5% strengthening of the AUD against the various foreign currencies at the balance date would increase/(decrease) the Company's profit/(loss) after tax by the amounts shown below. The analysis assumes that all other variables remain constant.

	AUD STRENGTHENED	
CONSOLIDATED – 2016	% CHANGE	EFFECT ON PROFIT AFTER TAX
USD	5%	(1,653,358)
VND	5%	9,212
CNY	5%	(476,503)
MYR	5%	1,886
SGD	5%	21
HKD	5%	(825)
THB	5%	857,213
		(1,262,354)

	AUD STRENGTHENED	
CONSOLIDATED – 2015	% CHANGE	EFFECT ON PROFIT AFTER TAX
USD	5%	(8,612,710)
VND	5%	(651,407)
CNY	5%	190,528
MYR	5%	(1,327)
SGD	5%	(1,829)
HKD	5%	(4,740)
		(9,081,485)

A 5% weakening of the AUD against the various currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The consolidated entity's exposure to the risk of changes in market interest rates relates primarily to the consolidated entity's bank loans and debt obligations and its cash and cash equivalents. The consolidated entity manages its interest rate risk by using a combination of variable and fixed rate borrowings.

As at the reporting date, the consolidated entity had the following cash and cash equivalents:

	2016		2015	
	WEIGHTED AVERAGE INTEREST RATE	BALANCE	WEIGHTED AVERAGE INTEREST RATE	BALANCE
CONSOLIDATED	%	$	%	$
Bank loans	8.12%	(151,801,133)	11.00%	(16,179,805)
Cash on hand and cash at bank	0.05%	78,213,081	0.19%	210,167,449
Fixed deposits	0.00%	7,938	0.70%	7,669
Net exposure to cash flow interest rate risk		(73,580,114)		193,995,313

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An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

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

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity maintains cash to meet all its liquidity requirements and manages its liquidity by carefully monitoring cash outflows due in a day-to-day and week-to-week basis. Furthermore, the consolidated entity's long-term liquidity needs are identified in its annual Board-approved budget, and updated on a quarterly basis through revised forecasts.

Financing arrangements

Unused borrowing facilities at the reporting date:

	CONSOLIDATED	
	2016	2015
	$	$
Bank loans	–	5,629,003

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of four years (2015: five years).

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

	WEIGHTED AVERAGE INTEREST RATE	1 YEAR OR LESS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL MATURITIES
CONSOLIDATED – 2016	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	–	5,046,135	–	–	–	5,046,135
Floating chips	–	13,652,683	–	–	–	13,652,683
Interest-bearing – fixed						
Bank loans	9.64	2,942,907	5,885,813	26,934,032	–	35,762,752
Non-interest bearing – variable						
Bank loans	7.65	37,164,227	38,484,710	40,389,444	–	116,038,381
Total non-derivatives		58,805,952	44,370,523	67,323,476	–	170,499,951

	WEIGHTED AVERAGE INTEREST RATE	1 YEAR OR LESS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL MATURITIES
CONSOLIDATED – 2015	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	–	3,170,019	–	–	–	3,170,019
Floating chips	–	12,326,032	–	–	–	12,326,032
Interest-bearing – fixed						
Bank loans	11.00	2,962,712	2,962,712	8,796,036	1,458,345	16,179,805
Total non-derivatives		18,458,763	2,962,712	8,796,036	1,458,345	31,675,856

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 30. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of Donaco International Limited during the financial year:

Stuart James McGregor	Non-Executive Director and Chairman
Joey Lim Keong Yew	Managing Director and Chief Executive Officer
Benedict Paul Reichel	Executive Director and Company Secretary
Benjamin Lim Keong Hoe	Non-Executive Director
Robert Andrew Hines	Non-Executive Director
Ham Techatut Sukjaroenkraisri	Executive Director (appointed 1 July 2015)
Paul Porntat Amatavivadhana	Non-Executive Director (appointed 1 July 2015)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Richard Na Chun Wee	Deputy Group CEO (resigned 31 March 2016)
Kenny Goh Kwey Biaw	Deputy Chief Financial Officer and CEO of Donaco Singapore
Chong Kwong Yang	Chief Financial Officer (appointed 1 July 2015)
Att Asavanund	Chief Operating Officer (appointed 1 December 2015) and Deputy Chief Executive Officer (appointed 1 May 2016)

Star Paradise gaming floor.

NOTE 31. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company, and unrelated firms:

	CONSOLIDATED	
	2016	2015
	$	$
Audit services – William Buck		
Audit or review of the financial statements	91,570	92,391
Other services – William Buck		
Preparation of the tax return	10,000	18,000
	101,570	110,391
Audit services – unrelated firms		
Audit or review of the financial statements	198,409	42,764
Other services – unrelated firms		
Preparation of the tax return	7,509	7,850
Due diligence	–	26,571
Other services	343,892	–
	351,401	34,421
	549,810	77,185

NOTE 32. COMMITMENTS

	CONSOLIDATED	
	2016	2015
	$	$
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property construction works	1,291,389	2,427,717
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	304,374	195,127
One to five years	817,283	63,240
More than five years	7,709,285	63,241
	8,830,942	321,608

Operating lease commitments includes contracted amounts for various offices and sites within Australia and South East Asia under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

NOTE 33. RELATED PARTY TRANSACTIONS

Parent entity

Donaco International Limited is the legal parent entity. Donaco International Limited is listed on the Australian Securities Exchange (ASX: DNA).

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED	
	2016	2015
	$	$
Labour hire fee to Star Vegas Co, Ltd – a director related entity	10,915,776	–
Leasing fees paid to Lee Hoe Property Co, Ltd – a director related entity	16,159	–
Rental received from director's immediate family	116,100	–
Purchase of fixed assets by DNA Star Vegas from Star Vegas Co, Ltd – a director related entity	1,030,727	–

The above transactions occurred at commercial rates.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	CONSOLIDATED	
	2016	2015
	$	$
Current receivables:		
Amount owing to Donaco Singapore Pte Ltd by associated entity	–	511,356

Amounts due from associated companies and related parties are unsecured, interest free, repayable on demand and are to be settled in cash.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 34. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income	PARENT	
	2016	2015
	$	$
Loss after income tax	(16,796,945)	(1,554,401)
Total comprehensive income	(16,796,945)	(1,554,401)

Statement of financial position	PARENT	
	2016	2015
	$	$
Total current assets	35,588,600	22,306,130
Total assets	372,146,330	248,179,260
Total current liabilities	29,089,505	260,981
Total liabilities	29,105,717	269,992
Equity		
Issued capital	408,931,972	298,057,612
Employee share option reserve	3,021,680	1,967,750
Accumulated losses	(68,913,039)	(52,116,094)
Total equity	343,040,613	247,909,268

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

As at 30 June 2016, the parent entity acts as a guarantor for the facility provided by Mega International Commercial Bank Co Ltd to a controlled entity, Donaco Hong Kong Limited.

As at 30 June 2016, the parent entity acts as guarantor for the facility provided by OL Master Ltd to a controlled entity, Prime Standard Limited. As a requirement of the terms of the facility the parent entity has issued 70 warrants to subscribe for its ordinary shares. Each warrant has a notional value of USD100,000. The warrants have a term of 39 months and expire on 6 October 2018. The exercise price is AUD0.7579 cents and the maximum number of ordinary shares which may be issued is 12,339,408, and the Company may elect to settle the difference between the share price and exercise price in cash.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments – property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2016 and 30 June 2015.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

NOTE 35. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		OWNERSHIP INTEREST	
NAME	PRINCIPAL PLACE OF BUSINESS/COUNTRY OF INCORPORATION	2016 %	2015 %
Donaco Australia Pty Ltd	Australia	100%	100%
Donaco Singapore Pte Ltd	Singapore	100%	100%
Donaco Holdings Ltd*	British Virgin Islands	100%	100%
Donaco Holdings Sdn Bhd*	Malaysia	100%	100%
Lao Cai International Hotel Joint Venture Company*	Vietnam	95%	95%
Donaco Hong Kong Limited	Hong Kong	100%	100%
Prime Standard Limited	Hong Kong	100%	100%
Donaco Holdings (Hong Kong) Pte Ltd*	Hong Kong	100%	100%
DNA Star Vegas Co Limited**	Cambodia	100%	0%

* Subsidiary of Donaco Singapore Pte Ltd
** Subsidiary of Donaco Hong Kong Limited.

The principal activities of each subsidiary are:

Donaco Australia Pty Ltd	Dormant (previously operated New Zealand games service, discontinued in January 2015).
Donaco Singapore Pte Ltd	Holding company for Vietnamese casino operations.
Donaco Holdings Ltd	Cost centre for corporate operations.
Donaco Holdings Sdn Bhd	Cost centre for corporate operations.
Donaco Holdings (Hong Kong) Pte Ltd	Cost centre for corporate operations and marketing activities.
Lao Cai International Hotel Joint Venture Company	Operates Vietnamese casino operations.
Donaco Hong Kong Limited	Holding company for Cambodian casino operations.
Prime Standard Limited	Cost centre for corporate operations.
DNA Star Vegas Co Limited	Operates Cambodian casino operations.

The strength of our balance sheet provides us with flexibility to pursue growth or additional capital management initiatives over the course of the year.

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

Lao Cai International Hotel Joint Venture Company

	2016	2015
	$	$
Summarised statement of financial position		
Current assets	14,098,132	14,146,682
Non-current assets	58,391,246	82,183,762
Total assets	72,489,378	96,330,444
Current liabilities	20,060,871	29,605,474
Non-current liabilities	17,514,202	22,853,623
Total liabilities	37,575,073	52,459,097
Net assets	34,914,305	43,871,347
Summarised statement of profit or loss and other comprehensive income		
Revenue	22,659,016	17,109,928
Expenses	(18,690,367)	(18,556,453)
Profit/(loss) before income tax expense	3,968,649	(1,446,525)
Income tax expense	(296,582)	–
Profit/(loss) after income tax expense	3,672,067	(1,446,525)
Other comprehensive income	–	–
Total comprehensive income	3,672,067	(1,446,525)
Statement of cash flows		
Net cash from/(used in) operating activities	8,794,600	(1,007,639)
Net cash used in investing activities	(685,635)	(8,248,552)
Net cash from financing activities	(2,483,479)	7,026,938
Net decrease in cash and cash equivalents	5,625,486	(2,229,253)
Other financial information		
Profit/(loss) attributable to non-controlling interests	149,883	(72,326)
Accumulated non-controlling interests at the end of reporting period	1,136,345	986,462

NOTE 36. EVENTS AFTER THE REPORTING PERIOD

Dividend

On 30 August 2016, the Board of Donaco International Limited announced that it intended to declare a maiden dividend of one 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.

Long-term incentive scheme

The consolidated entity has resolved to introduce a new long term incentive (LTI) scheme for its senior executives, to replace the previous options scheme that expired at the end of FY16.

As announced in the ASX release on 1 October 2015, the Board has been considering new LTI schemes, and has actively sought to align senior executive remuneration with shareholder interests. Under the new scheme, shares will be purchased on market and held in an employee share trust ('the Trust'). The shares will vest to the employees according to their level of performance, over the vesting period of three years.

The aim of the scheme is to ensure that executives are motivated to think like shareholders, with a focus on taking actions that will lead to sustainable increases in share price. The structure of the scheme also ensures that there is no dilution of shareholders.

The total annual dollar value of shares to be purchased will be maximum of AUD1,000,000. The number of shares to be purchased each year will depend on the share price at the time that purchases take place.

The scheme will be executed in a similar manner to an on-market buy-back, allowing the Trust to stand in the market and purchase shares at appropriate times. However, the shares will not be cancelled, but will be held in the Trust, to be distributed to employees over the vesting period of three years.

The Trust intends to commence the on-market purchase of shares pursuant to the terms of the new LTI scheme from 30 August 2016 onwards.

Loan

The Company has refinanced its USD20 million working capital facility that was announced to the ASX on 23 June 2015 and 1 July 2015. Of the original USD100 million term loan facility with Mega International Commercial Bank Co Limited of Taiwan, the Company has now repaid USD10 million of the principal amount in January 2016, and a further USD15 million in July 2016, leaving USD75 million to be repaid.

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 announced the expiration of 1,365,959 options in accordance to their terms. The options were part of the FY14 option series. Currently, there are 7,296,692 remaining options on issue.

No other matter or circumstance has arisen since 30 June 2016 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 37. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	CONSOLIDATED 2016	2015
	$	$
Profit/(loss) after income tax (expense)/benefit for the year	78,873,384	(3,000,401)
Adjustments for:		
Depreciation and amortisation	9,945,976	4,857,120
Net loss/(gain) on disposal of non-current assets	167,630	(2,203,373)
Gain on bargain purchase	(55,165,316)	–
Share-based payments	1,666,185	1,967,750
Foreign exchange movements	(2,023,567)	381,544
Expenses related to acquisition	11,819,338	–
Gain on revaluation of derivative financial liability	(2,609,339)	–
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(21,943,702)	(1,293,613)
(Increase)/decrease in inventories	(718,010)	704,860
Decrease in other operating assets	(1,949,631)	7,897,925
Increase in trade and other payables	29,288,527	3,379,938
Increase/(decrease) in provision for income tax	1,132,643	(4,424,195)
Increase in provisions for employee benefits	173,419	245,389
(Decrease) in other provisions	–	(10,482)
Net cash from operating activities	48,657,537	8,502,462

NOTE 38. EARNINGS PER SHARE

	CONSOLIDATED 2016	2015
	$	$
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax	78,873,384	(5,202,162)
Non-controlling interest	(149,883)	72,326
Profit/(loss) after income tax attributable to the owners of Donaco International Limited	78,723,501	(5,129,836)

	NUMBERS	NUMBERS
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 over ordinary shares	376,433	23,047,578
Weighted average number of ordinary shares used in calculating diluted earnings per share	831,463,910	565,256,102

	CENTS	CENTS
Basic earnings per share	9.47	(0.95)
Diluted earnings per share	9.47	(0.91)

	CONSOLIDATED 2016	2015
	$	$
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Donaco International Limited	–	2,201,761
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 over ordinary shares	376,433	23,047,578
Weighted average number of ordinary shares used in calculating diluted earnings per share	831,463,910	565,256,102

	CENTS	CENTS
Basic earnings per share	–	0.41
Diluted earnings per share	–	0.39

	CONSOLIDATED 2016	2015
	$	$
Earnings per share for profit/(loss)		
Profit/(loss) after income tax	78,873,384	(3,000,401)
Non-controlling interest	(149,883)	72,326
Profit/(loss) after income tax attributable to the owners of Donaco International Limited	78,723,501	(2,928,075)

	NUMBERS	NUMBERS
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 over ordinary shares	376,433	23,047,578
Weighted average number of ordinary shares used in calculating diluted earnings per share	831,463,910	565,256,102

An additional 8,286,218 options over ordinary shares and 12,339,408 shares subject to warrants are anti dilutive and have been excluded from the above calculations as the exercise price of these warrants exceeds the average market share price during the year.

	CENTS	CENTS
Basic earnings per share	9.47	(0.54)
Diluted earnings per share	9.47	(0.52)

NOTE 39. SHARE-BASED PAYMENTS

Employee options

Employee Option Allocation FY14

At the Annual General Meeting on 21 November 2013, shareholders approved the establishment of a long-term incentive (LTI) plan for executives, consisting of the annual grant of units under an option share trust (OST). On 23 December 2013, the Company announced that it had issued options amounting to 1% of its then issued capital (a total of 4,010,511 options) under the LTI plan. Approval for the issue of these options under an employee incentive scheme was obtained pursuant to ASX Listing Rule 10.14.

These options were not contributed to the OST until 1 July 2014. Accordingly employees were not allocated units in the OST until 1 July 2014.

Employee Option Allocation FY15

Pursuant to the approval granted by shareholders at the FY13 Annual General Meeting, further options were contributed to the OST for FY15. These options were not contributed to the OST until 1 July 2015, and accordingly employees were not allocated additional units in the OST until 1 July 2015.

Employee Option Allocation FY16

Pursuant to the approval granted by shareholders at the FY13 Annual General Meeting, further options were contributed to the OST for FY16. These options were contributed to the OST and employees were allocated additional units on 25 August 2015.

Set out below are summaries of options granted during FY15 and FY16 under the plan:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE YEAR
01/07/2014	01/07/2016	$0.59	1,365,960	–	–	–	1,365,960
01/07/2014	01/07/2017	$0.59	1,294,836	–	–	–	1,294,836
01/07/2014	01/07/2018	$0.59	1,249,716	–	–	–	1,249,716
01/07/2015	01/07/2017	$0.89	–	457,047	–	–	457,047
01/07/2015	01/07/2018	$0.89	–	395,208	–	–	395,208
01/07/2015	01/07/2019	$0.89	–	349,376	–	–	349,376
25/08/2015	01/07/2018	$0.77	–	1,385,700	–	–	1,385,700
25/08/2015	01/07/2019	$0.77	–	1,156,784	–	–	1,156,784
25/08/2015	01/07/2020	$0.77	–	1,008,025	–	–	1,008,025
			3,910,512	4,752,140	–	–	8,662,652

Set out below are the options exercisable at the end of the financial year:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	2016 NUMBER	2015 NUMBER
01/07/2014	01/07/2016	$0.59	–	1,365,960
01/07/2014	01/07/2017	$0.59	1,294,836	–
01/07/2015	01/07/2017	$0.89	457,047	–
			1,751,883	1,365,960

The weighted average share price during the financial year was $0.65 (2015: $0.78).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.89 years (2015: 1.97 years).

The weighted average exercise price for all outstanding options is $0.71 (2015: $0.59).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT VALUATION DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
01/07/2015	01/07/2017	$0.775	$0.89	71.48%	–	2.52%	$0.3777
01/07/2015	01/07/2018	$0.775	$0.89	71.48%	–	2.52%	$0.4368
01/07/2015	01/07/2019	$0.775	$0.89	71.48%	–	2.52%	$0.4941
25/08/2015	01/07/2018	$0.705	$0.77	42.21%	–	2.52%	$0.1516
25/08/2015	01/07/2019	$0.705	$0.77	42.21%	–	2.52%	$0.1816
25/08/2015	01/07/2020	$0.705	$0.77	42.21%	–	2.52%	$0.2084

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2016	2015
	$	$
Options issued under employee option plan	1,196,242	1,825,438
Shares issued under employee share scheme	469,943	142,312
	1,666,185	1,967,750

NOTE 40. CONTINGENT LIABILITIES

As part of the agreement for the purchase of the Star Vegas resort and club, the vendor of the business 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 2016 and 2017 financial years.

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.

These arrangements are set out in a Share Sale Agreement and Management Agreement dated 23 January 2015, a Supplemental Share Sale Agreement dated 22 May 2015, and an Amending and Restating Deed dated 18 June 2015.

At 31 December 2015 the possible obligation to pay a management fee in respect of the December 2015 half year was disclosed as a contingent liability as a reliable estimate of the amount payable could not be made. A contingent liability is: "a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity."

At 30 June 2016, the earnings met the EBITDA target and a management fee was payable by the consolidated entity. A management fee of $20,492,174 has been recognised in the statement of comprehensive income and as a liability by the consolidated entity at 30 June.

The consolidated entity has no contingent liabilities at 30 June 2016.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 41. BUSINESS COMBINATIONS

On 1 July 2015, the Group acquired Star Vegas resort and 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 (AUD316,451,000), and AUD147,199,529 ordinary shares in the Company, with an agreed value of USD120 million (AUD154,999,579) and the Company credited AUD154,999,579 to share capital, net of transaction costs. 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 (AUD114,079,635). As a result of this variance between the fair value of the shares issued and the agreed price, AUD41,363,075 was debited to contributed equity to ensure the value of contributed equity was not recorded at an amount higher than its fair value. A further adjustment was made for movements in foreign exchange rates between the date of the agreement and the date the transaction occurred.

The values of net assets acquired recognised in the 31 December 2015 financial statements were based on a provisional assessment of their fair value. 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 (AUD495,621,397). The difference between the fair value of the business acquired and fair value of the purchase consideration of USD327.9 million (AUD440,456,080) gives rise to a bargain purchase amounting to USD40.2 million (AUD55,165,316). The bargain purchase of AUD55,165,316 is recognised as a gain in the Company's income statement in accordance with AASB 3 Business Combinations.

Donation to the Palilay temple.

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	400,543,357	(25,220,097)
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)	–
Net assets acquired	471,841,466	495,621,397	23,779,931
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	316,398,756	316,451,000	52,244
Donaco International Limited shares issued to vendor at agreed price	155,442,710	155,442,710	–
Share issue transaction costs	–	(443,131)	(443,131)
Adjustment to value of Donaco International Limited shares issued to vendor	–	(41,363,075)	(41,363,075)
Effect of exchange rate movements	–	10,368,576	10,368,576
	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 operating results for DNA Star Vegas Co Ltd since acquisition are shown in Casino Operations – Cambodia in note 3 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 AUD20,492,174.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Stuart McGregor
Chairman

30 September 2016
Melbourne

William Buck

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

Report on the Financial Report

We have audited the accompanying financial report of Donaco International Limited (the Company) on pages 28 to 79, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

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

William Buck

Auditor's Opinion

In our opinion:

a) the financial report of Donaco International Limited on pages 28 to 79 is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the Company and consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 15 to 23 of the Directors' Report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Donaco International Limited for the year ended 30 June 2016 complies with section 300A of the Corporations Act 2001.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Donaco International Limited for the year ended 30 June 2016 included on Donaco International Limited's web site. The company's directors are responsible for the integrity of the Donaco International Limited's web site. We have not been engaged to report on the integrity of the Donaco International Limited's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck
Chartered Accountants
ABN 16 021 300 521

MNevill

M.A. Nevill
Partner
Dated this 30th September, 2016

CHARTERED ACCOUNTANTS & ADVISORS

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Sydney NSW 2000
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The shareholder information set out below was applicable as at 31 August 2016.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	NUMBER OF HOLDERS OF ORDINARY SHARES
1 to 1,000	366
1,001 to 5,000	609
5,001 to 10,000	387
10,001 to 100,000	950
100,001 and over	154
	2,466
Holding less than a marketable parcel	381

Equity security holders

Twenty largest quoted equity security holders

The names of the 20 largest security holders of quoted equity securities are listed below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUES
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	157,183,712	18.910
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PI POOLED A/C>	90,752,256	10.918
SLIM TWINKLE LIMITED	84,437,882	10.158
NATIONAL NOMINEES LIMITED	62,718,509	7.545
CONVENT FINE LIMITED	60,353,318	7.261
TOTAL ALPHA INVESTMENTS LIMITED	56,962,025	6.853
CITICORP NOMINEES PTY LIMITED	49,481,612	5.953
MALAHON SECURITIES LIMITED <CLIENT A/C>	28,554,880	3.435
J P MORGAN NOMINEES AUSTRALIA LIMITED	28,231,019	3.396
MR KEONG YEW LIM	25,540,155	3.073
LEE BUG HUY	24,287,922	2.922
LEE BUG TONG	24,287,922	2.922
BNP PARIBAS NOMS PTY LTD <DRP>	22,301,923	2.683
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	9,865,713	1.187
MR KEONG YEW LIM	6,100,000	0.734
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	3,880,875	0.467
UBS NOMINEES PTY LTD	3,825,904	0.460
BNP PARIBAS NOMINEES PTY LTD <GLOBAL PRIME OMNI DRP>	3,000,000	0.361
BNP PARIBAS NOMS PTY LTD <UOB KAY HIAN PRIV LTD DRP>	2,672,861	0.322
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 3	2,437,631	0.293
	746,876,119	89.853

SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 30 JUNE 2016

Unquoted equity securities	NUMBER ON ISSUE
Employee options	7,296,692
Warrants	70

Substantial holders

Substantial holders in the Company are set out below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUES
Lim Keong Yew	264,659,325	31.8
Lim Keong Hoe (jointly held with Lim Keong Yew)	144,811,200	17.4
Perpetual Limited and subsidiaries	120,596,615	14.5
Lee Bug Tong	73,599,765	8.9
Lee Bug Huy	73,599,764	8.9

Voting rights

The voting rights attached to ordinary shares and options are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

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

Warrants

There are no voting rights attached to warrants. Upon conversion of the warrant, the issued shares will confer full voting rights.

There are no other classes of equity securities.

Securities subject to voluntary escrow

CLASS	EXPIRY DATE	NUMBER OF SHARES
Fully paid Ordinary 2 years	30 June 2017	48,575,844
		48,575,844

CORPORATE DIRECTORY

FOR THE YEAR ENDED 30 JUNE 2016

Directors	Stuart James McGregor – Chairman Joey Lim Keong Yew – Managing Director and CEO Benedict Paul Reichel – Executive Director Benjamin Lim Keong Hoe – Non-Executive Director Robert Andrew Hines – Non-Executive Director Ham Techatut Sukjaroenkraisri – Executive Director Paul Porntat Amatavivadhana – Non-Executive Director
Company secretary	Benedict Paul Reichel
Registered office	Level 18, 420 George Street Sydney NSW 2000 Australia Telephone: +61 2 9106 2149 Facsimile: +61 2 9106 2106
Principal place of business	Level 18, 420 George Street Sydney NSW 2000 Australia
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 +61 2 9290 9600
Auditor	William Buck Level 29, 66 Goulburn Street Sydney NSW 2000
Stock exchange listing	Donaco International Limited shares are listed on the Australian Securities Exchange (ASX code: DNA)
Website	www.donacointernational.com
Corporate Governance Statement	The Corporate Governance Statement of Donaco International Limited is available from our website www.donacointernational.com, via the tab headed 'Investor Relations'.

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:

Level 18, 420 George Street
Sydney NSW 2000 Australia

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 30 September 2016.
The directors have the power to amend and reissue the financial statements.

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INTERNATIONAL

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