

DONACO INTERNATIONAL LIMITED**Appendix 4E****Preliminary final report****1. Company details**

Name of entity:	Donaco International Limited
ABN:	28 007 424 777
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

Revenues from ordinary activities	down	4.8%	to	\$ 136,443,789
Profit from ordinary activities, including FY16 bargain purchase, after tax attributable to the owners of Donaco International Limited	down	60.6%	to	30,990,298
Profit from ordinary activities, excluding FY16 bargain purchase, after tax attributable to the owners of Donaco International Limited	up	31.5%	to	30,990,298
Profit for the year attributable to the owners of Donaco International Limited	down	60.6%	to	30,990,298

	30 Jun 2017	30 Jun 2016
	Cents	Cents
Basic earnings per share	3.73	9.47
Diluted earnings per share	3.73	9.47

Dividends

A dividend of \$8,246,843 (AUD 1 cent per ordinary share) was paid on 19 October 2016. The dividend was 100% conduit foreign income and was unfranked.

Comments

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$30,990,298 (30 June 2016: profit of \$78,723,501)

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>11.67</u>	<u>9.18</u>

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4. Control gained over entities

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

5. Loss of control over entities

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

6. Dividends

Current period

A dividend of \$8,246,843 (AUD 1 cent per ordinary share) was paid on 19 October 2016. The dividend was 100% conduit foreign income and was unfranked.

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
Lao Cai International Hotel Joint Venture Company	95.00%	95.00%	6,893,752	3,818,766
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			6,893,752	3,818,766
Income tax on operating activities			880,886	296,582

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9. Foreign entities

Details of origin of accounting standards used in compiling the report

Not applicable.

10. Audit qualification or review

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

This Preliminary Final Report for the year ended 30 June 2017 is based on accounts which are currently being audited by the company's Independent auditor, Crowe Horwath Sydney.

11. Attachments

Details of attachments (if any):

The Preliminary Final Report of Donaco International Limited for the year ended 30 June 2017 is attached.

12. Signed



Signed _____

Date: 29 August 2017

Sydney

DONACO INTERNATIONAL LIMITED
ABN 28 007 424 777

Preliminary Final Report
30 June 2017

DONACO INTERNATIONAL LIMITED

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General information

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

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

Level 18
420 George Street
Sydney NSW 2000
Australia

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2017. The directors have the power to amend and reissue the financial statements.

DONACO INTERNATIONAL LIMITED
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

		Consolidated	
	Note	2017	2016
		\$	\$
Revenue from continuing operations	3	136,443,789	143,385,778
Other income	4	(4,867)	2,596,962
Gain on bargain purchase		-	55,165,316
Total income		<u>136,438,922</u>	<u>201,148,056</u>
Expenses			
Food and beverages		(6,018,409)	(6,182,949)
Employee benefits expense		(22,891,204)	(22,773,119)
DSV Management Fee		(19,045,688)	(20,492,174)
Depreciation and amortisation expense		(10,129,299)	(9,945,976)
Legal and compliance		(680,734)	(382,525)
Marketing and promotions		(4,618,018)	(4,696,896)
Professional & consultants		(1,338,743)	(13,304,649)
Property costs		(5,952,199)	(5,862,681)
Telecommunications and hosting		(382,062)	(267,816)
Gaming costs		(2,970,244)	(6,559,572)
Other expenses		(7,127,174)	(7,264,048)
Finance costs		(20,559,623)	(20,545,536)
Total expenses		<u>(101,713,397)</u>	<u>(118,277,941)</u>
Profit before income tax expense from continuing operations		34,725,525	82,870,115
Income tax (expense)		(3,536,476)	(3,996,731)
Profit after income tax expense from continuing operations		31,189,049	78,873,384
Profit after income tax expense from discontinued operations		-	-
Profit after income tax expense for the year		31,189,049	78,873,384
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(15,422,693)	7,763,303
Other comprehensive income for the year, net of tax		<u>(15,422,693)</u>	<u>7,763,303</u>
Total comprehensive income for the year		<u>15,766,356</u>	<u>86,636,687</u>
Profit for the year is attributable to:			
Non-controlling interest		198,751	149,883
Owners of Donaco International Limited		30,990,298	78,723,501
		<u>31,189,049</u>	<u>78,873,384</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		198,751	149,883
Owners of Donaco International Limited		15,567,605	86,486,804
		<u>15,766,356</u>	<u>86,636,687</u>

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

DONACO INTERNATIONAL LIMITED
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	Consolidated	
		2017	2016
		\$	\$
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Donaco International Limited			
Basic earnings per share	10	3.73	9.47
Diluted earnings per share	10	3.73	9.47

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

DONACO INTERNATIONAL LIMITED
Statement of financial position
As at 30 June 2017

	Note	Consolidated	
		2017	2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	66,022,749	78,221,019
Trade and other receivables		17,596,767	24,002,817
Inventories		893,474	1,418,876
Prepaid construction costs		341,184	12,800
Other current assets		3,238,891	3,120,464
Total current assets		<u>88,093,065</u>	<u>106,775,976</u>
Non-current assets			
Property, plant and equipment	7	161,344,373	171,715,958
Intangibles (inc. Licences)	8	389,140,234	403,005,941
Construction in progress		595,885	1,143,158
Other		3,895	78,451
Total non-current assets		<u>551,084,387</u>	<u>575,943,508</u>
Total assets		<u>639,177,452</u>	<u>682,719,484</u>
Liabilities			
Current liabilities			
Trade and other payables		41,788,107	47,754,947
Borrowings		54,908,598	40,107,134
Financial liabilities		681,507	1,794,520
Income tax		1,127,767	1,560,149
Employee benefits		981,006	482,097
Total current liabilities		<u>99,486,985</u>	<u>91,698,847</u>
Non-current liabilities			
Borrowings - non current		53,553,627	111,693,999
Employee benefits - non current		32,669	16,212
Total non-current liabilities		<u>53,586,296</u>	<u>111,710,211</u>
Total liabilities		<u>153,073,281</u>	<u>203,409,058</u>
Net assets		<u>486,104,171</u>	<u>479,310,426</u>
Equity			
Issued capital		359,968,884	360,968,368
Reserves		9,425,778	24,574,755
Retained profits		115,374,413	92,630,958
Equity attributable to the owners of Donaco International Limited		<u>484,769,075</u>	<u>478,174,081</u>
Non-controlling interest		1,335,096	1,136,345
Total equity		<u>486,104,171</u>	<u>479,310,426</u>

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

DONACO INTERNATIONAL LIMITED
Statement of changes in equity
For the year ended 30 June 2017

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2015	246,719,609	15,757,522	13,907,457	986,462	277,371,050
Profit after income tax benefit 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
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	154,999,579	-	-	-	154,999,579
Shares issued to employees	341,455	-	-	-	341,455
Adjustment to value of shares issued for acquisition	(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	<u>360,968,368</u>	<u>24,574,755</u>	<u>92,630,958</u>	<u>1,136,345</u>	<u>479,310,426</u>

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2016	360,968,368	24,574,755	92,630,958	1,136,345	479,310,426
Profit after income tax expense for the year		-	30,990,298	198,751	31,189,049
Other comprehensive income for the year, net of tax	-	(15,422,693)	-	-	(15,422,693)
Total comprehensive income for the year	-	(15,422,693)	30,990,298	198,751	15,766,356
<i>Transactions with owners in their capacity as owners:</i>					
Acquisition of shares for Employee Share Trust	(999,484)	-	-	-	(999,484)
Dividends paid	-	-	(8,246,843)	-	(8,246,843)
Employee share options	-	273,716	-	-	273,716
Balance at 30 June 2017	<u>359,968,884</u>	<u>9,425,778</u>	<u>115,374,413</u>	<u>1,335,096</u>	<u>486,104,171</u>

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

DONACO INTERNATIONAL LIMITED
Statement of cash flows
For the year ended 30 June 2017

	Note	Consolidated	
		2017	2016
		\$	\$
Cash flow from operating activities			
Receipts from customers	1	142,484,849	132,729,587
Payments to suppliers and employees	1	(78,700,881)	(59,945,137)
		<u>63,783,968</u>	<u>72,784,450</u>
Interest received		100,011	72,805
Other revenue		-	11,059
Interest and other finance costs paid		(11,878,989)	(14,947,469)
Government levies, gaming taxes and GST		(4,649,592)	(7,920,049)
Net cash flows from operating activities		<u>47,355,398</u>	<u>50,000,795</u>
Cash flow from investing activities			
Payments for property, plant and equipment		(5,727,117)	(1,851,232)
Cash investment in subsidiary net of cash retained		-	(322,655,000)
Payment of expenses relating to acquisitions		-	(11,819,338)
Net cash flows from investing activities		<u>(5,727,117)</u>	<u>(336,325,570)</u>
Cash flow from financing activities			
Repayment of borrowings		(69,817,576)	(3,218,668)
Drawdown of borrowings		25,603,177	150,276,599
Payments of dividends		(8,246,843)	-
Payments for acquisition of employee shares		(999,484)	-
Share issue transaction costs		-	(442,614)
Net cash flows from financing activities		<u>(53,460,726)</u>	<u>146,615,317</u>
Net (decrease) in cash and cash equivalents		(11,832,445)	(139,709,458)
Cash and cash equivalents, beginning of the financial year		78,221,019	210,175,119
Effects of exchange rate changes on cash and cash equivalents		(365,825)	7,755,357
Cash and cash equivalents at the end of the financial year	6	<u>66,022,749</u>	<u>78,221,019</u>

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

DONACO INTERNATIONAL LIMITED
Notes to the financial statements
30 June 2017

Note 1. Significant accounting policies

These preliminary financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Presentation of the statement of cash flows

The consolidated entity has changed its policy to present receipts from customers and payments to suppliers and employees on a net basis in the statement of cash flows. Previously, the receipts from customers and payments to suppliers and employees were reported on a gross basis based on cash received and paid out. The restated presentation is considered more appropriate as it is consistent with the recognition of income and expenses on a net basis in the profit and loss statement. The comparative figures have been restated to present the receipts from customers and payments to suppliers and employees on a net basis. Additionally, the comparative figures have been restated using the average foreign currency rate instead of the closing rate which was used previously.

Note 2. Operating segments

Identification of reportable operating segments

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

The consolidated entity is domiciled in Australia and operates predominantly in six countries: Australia, Cambodia, Hong Kong, 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, operating in Cambodia. These operations include hotel accommodation and gaming and leisure facilities.
Corporate Operations	Comprises of the development and implementation of corporate strategy, commercial negotiations, corporate finance, treasury, management accounting, corporate governance and investor relations functions.

Intersegment transactions

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

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Note 2. Operating segments (continued)

	Casino Operations Vietnam \$	Casino Operations Cambodia \$	Corporate Operations \$	Total \$
Consolidated - 2017				
Revenue				
Sales to external customers	26,156,663	110,188,090	235	136,344,988
Interest and other income	29,478	-	69,323	98,801
Total revenue	26,186,141	110,188,090	69,558	136,443,789
Other income	-	-	(4,867)	(4,867)
Total income	26,186,141	110,188,090	64,691	136,438,922
EBITDA				
Depreciation and amortisation	(5,294,247)	(4,624,353)	(210,698)	(10,129,298)
Interest revenue	29,478	-	69,323	98,801
Other income	-	-	1,113,012	1,113,012
Net exchange gains /(losses)	(727,577)	-	(390,302)	(1,117,879)
Non-controlling interest	(198,751)	-	-	(198,751)
Finance costs	(1,591,881)	-	(18,967,742)	(20,559,623)
Profit before income tax expense	6,893,752	56,565,750	(28,932,728)	34,526,774
Income tax expense				(3,536,476)
Profit after income tax expense attributable to the owners of Donaco International Limited				30,990,298
Assets				
Segment assets	90,565,671	518,124,825	30,486,956	639,177,452
Total assets				639,177,452
Liabilities				
Segment liabilities	41,265,145	30,848,280	80,959,856	153,073,281
Total liabilities				153,073,281
Consolidated - 2016				
Revenue				
Sales to external customers	23,202,203	120,116,215	361	143,318,779
Interest	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				
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

DONACO INTERNATIONAL LIMITED
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Note 2. Operating segments (continued)

	Casino Operations Vietnam \$	Casino Operations Cambodia \$	Corporate Operations \$	Total \$
Assets				
Segment assets	97,614,196	537,688,394	47,416,894	682,719,484
Total assets				<u>682,719,484</u>
Liabilities				
Segment liabilities	28,996,850	29,961,285	144,450,923	203,409,058
Total liabilities				<u>203,409,058</u>

Note 3. Revenue

	Consolidated	
	2017 \$	2016 \$
From continuing operations		
<i>Sales revenue</i>		
Casino		
- Gaming revenue	120,217,587	128,512,879
- Non-gaming revenue	13,788,384	14,805,539
Management fee from Star Paradise	2,338,782	-
Corporate operations	235	361
Interest	98,801	66,999
Revenue from continuing operations	<u>136,443,789</u>	<u>143,385,778</u>

Gaming revenue represents net house takings arising from casino operations.

Non-gaming revenue represents hotel revenue from room rental, food and beverage sales and other related services recognised when the services are rendered.

Note 4. Other income (expense)

	Consolidated	
	2017 \$	2016 \$
Net foreign exchange gain / (loss)	(1,117,879)	(12,377)
Gain on derivative financial instrument at fair value through the profit and loss	1,113,012	2,609,339
Other income (expense)	<u>(4,867)</u>	<u>2,596,962</u>

Note 5. Expenses

	Consolidated	
	2017 \$	2016 \$
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation & amortisation</i>		
Land, buildings and structures	4,115,611	4,278,759
Furniture and fittings	478,683	483,024
Machinery and equipment	1,936,041	2,786,083
Office equipment and other	1,519,440	285,413
Motor vehicles	303,678	115,978
Consumables	1,773,682	1,994,417
Land right	2,163	2,302
Total depreciation & amortisation	<u>10,129,299</u>	<u>9,945,976</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>23,258</u>	<u>92,249</u>

DONACO INTERNATIONAL LIMITED
Notes to the financial statements
30 June 2017

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2017	2016
	\$	\$
Cash on hand	21,300,658	26,704,465
Cash at bank	43,518,973	49,512,338
Cash in transit	1,203,118	1,996,278
Cash on deposit	-	7,938
	<u>66,022,749</u>	<u>78,221,019</u>

Cash in transit refers to the movement of cash which is owned by the casino but is held on its behalf by staff members.

Note 7. Non-current assets - property, plant and equipment

	Consolidated	
	2017	2016
	\$	\$
Leasehold buildings and structures - at cost	152,241,908	156,603,786
Less: Accumulated depreciation	(12,931,787)	(9,144,218)
	<u>139,310,121</u>	<u>147,459,568</u>
Furniture & fittings - at cost	4,597,727	4,673,598
Less: Accumulated depreciation	(4,160,572)	(3,716,907)
	<u>437,155</u>	<u>956,691</u>
Machinery and equipment - at cost	34,696,929	32,856,942
Less: Accumulated depreciation	(18,513,168)	(15,619,942)
	<u>16,183,761</u>	<u>17,237,000</u>
Motor vehicles - at cost	1,869,091	1,726,296
Less: Accumulated depreciation	(1,312,897)	(1,105,804)
	<u>556,194</u>	<u>620,492</u>
Office equipment and other- at cost	4,702,495	3,621,967
Less: Accumulated depreciation	(2,584,381)	(2,284,589)
	<u>2,118,114</u>	<u>1,337,378</u>
Consumables	2,739,028	4,104,829
Less: Accumulated depreciation	-	-
	<u>2,739,028</u>	<u>4,104,829</u>
	<u>161,344,373</u>	<u>171,715,958</u>

Note 8. Non-current assets - intangibles

	Consolidated	
	2017	2016
	\$	\$
Goodwill - at cost	<u>2,426,187</u>	<u>2,426,187</u>
Land right - at cost	67,004	70,047
Less: Accumulated amortisation	(34,651)	(33,650)
	<u>32,353</u>	<u>36,397</u>
Casino license	<u>386,681,694</u>	<u>400,543,357</u>
	<u>389,140,234</u>	<u>403,005,941</u>

The casino license is denominated in foreign currency and the movement in its historical cost is due to foreign exchange translation.

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Note 8. Non-current assets - intangibles (continued)

Impairment testing of goodwill and intangibles with indefinite useful lives

Impairment of intangibles 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 two reportable cash generating units, Donaco Singapore and DNA Star Vegas. A business-level summary of the allocation of intangibles with indefinite useful lives is presented below:

	Consolidated	
	2017	2016
	\$	\$
Donaco Singapore - goodwill	2,426,187	2,426,187
Total goodwill	2,426,187	2,426,187

Donaco Singapore - goodwill

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.

No impairment has been recognised for the year ended 30 June 2017 (2016: nil).

DNA Star Vegas - Casino License

The casino license relates to the license to operate the DNA Star Vegas casino acquired on 1 July 2015. The license 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.

The recoverable amount of the cash generating unit of DNA Star Vegas has been determined based on the fair value less costs of disposal. An independent valuation of the 100% equity interest in DNA Star Vegas Company Limited was undertaken as at 31 March 2017. The fair value of the 100% equity interest in DNA Star Vegas Company Limited as at 31 March 2017 was reasonably estimated to be \$497,685,767 (US\$ 380,431,000 converted at the spot rate). Based on this valuation, management determined that the 100% equity interest in DNA Star Vegas Company Limited was fairly stated in the financial statements and no impairment needed to be recognised as at 30 June 2017.

Notes to the financial statements

30 June 2017

Note 9. Events after the reporting period

Refinance of loan with Mega International Commercial Bank Co Ltd.

On 14 August 2017, Donaco International Limited, refinanced its current term loan facility with Mega International Commercial Bank Co Ltd. The new facility will be for an amount of USD57 million. The term has been extended to three years from the date of drawdown, expected to be in late August 2017.

Under the new loan, 15% of the principal amount is repayable every six months. The interest rate on the loan has been reduced slightly, from a margin of 6.75% over the six month LIBOR rate, to a margin of 6.0%, provided that the net debt (total borrowings minus cash) of Donaco Hong Kong Limited is less than the EBITDA of Donaco Hong Kong Limited. If net debt exceeds EBITDA, then the margin may increase to a maximum of 6.5%. In addition, a number of covenants controlling capital management (dividends and buybacks) have been relaxed.

Resignation of Director

On 3 July 2017, the Company announced that Mr Paul Porntat Amatavivadhana, a non-executive director of Donaco International Limited since 1 July 2015, resigned.

Share options

On 28 July 2017 the Company announced the expiration of 1,651,883 options in accordance to their terms on 1 July 2017. The options were part of the FY 14 option series. Currently, there are 5,444,810 remaining options on issue.

Note 10. Earnings per share

	Consolidated	
	2017	2016
	\$	\$
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax	31,189,049	78,873,384
Non-controlling interest	(198,751)	(149,883)
Profit after income tax attributable to the owners of Donaco International Limited	<u>30,990,298</u>	<u>78,723,501</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	831,211,424	831,087,477
Adjustments for calculation of diluted earnings per share:		
Options and warrants over ordinary shares which are dilutive	-	376,433
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>831,211,424</u>	<u>831,463,910</u>
	Cents	Cents
Basic earnings per share	3.73	9.47
Diluted earnings per share	3.73	9.47

DONACO INTERNATIONAL LIMITED
Notes to the financial statements
30 June 2017

Note 11. 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:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		30 Jun 2017	30 Jun 2016
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 Ltd*	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%	100%
Donaco Entertainment & Marketing (Thailand) Ltd *	Thailand	49%	49%

* 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 Ltd - 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.

Donaco Entertainment & Marketing (Thailand) Ltd - Provision of marketing services. While the ownership of this entity is below 50%, it is considered a controlled entity due to the provisions of the shareholders agreement which give the consolidated entity the right to appoint a majority of the board.