

DONACO INTERNATIONAL LIMITED
Appendix 4D
Half-year financial report

1. Company details

Name of entity:	Donaco International Limited
ABN:	28 007 424 777
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

Revenues from ordinary activities	up	96.3%	to	\$ 19,451,730
Profit for the half-year attributable to the owners of Donaco International Limited	up	N/A	to	5,701,993
				31 December 2023 31 December 2022
				Cents Cents
Basic earnings / (loss) per share				0.46 (2.98)
Diluted earnings / (loss) per share				0.46 (2.98)

Dividends

No dividends were paid for the half-year ended 31 December 2023.

Comments

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$5,701,993 (31 December 2022: loss of \$36,739,858). No impairment charge has been recognised in the half year ended 31 December 2023 (31 December 2022: \$26,688,721). The loss excluding impairment charge for the half year ended 31 December 2022 was \$10,051,137.

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>8.87</u>	<u>8.54</u>

4. Control gained over entities

Name of entities (or group of entities) Not applicable

Date control gained Not applicable

	\$
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	Not applicable	
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

No dividends were paid for the half-year ended 31 December 2023.

Previous period

No dividends were paid for the half-year ended 31 December 2022.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

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):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

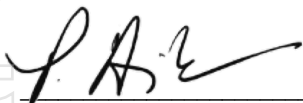
The review report includes a material uncertainty related to going concern.

11. Attachments

Details of attachments (if any):

The half year financial report of Donaco International Limited for the half-year ended 31 December 2023 is attached.

12. Signed



Mr Porntat Amatavivadhana
Non-Executive Chairman

Date: 28 February 2024

DONACO INTERNATIONAL LIMITED
ABN 28 007 424 777

Half Year Financial Report
31 December 2023

Contents page

Directors' report	6
Auditor's independence declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' declaration	25
Independent auditor's review report to the members of Donaco International Limited	26
Corporate directory	28

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 43
25 Martin Place
Sydney NSW 2000
Australia

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2024. The directors have the power to amend and reissue the financial statements.

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 half-year ended 31 December 2023.

Directors

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

Porntat Amatavivadhana - Non-Executive Chairman
Roderick John Sutton - Non-Executive Director
Lee Bug Huy - Executive Director
Andrew Phillips - Non-Executive Director
Issaraya Intrapaboon - Non-Executive Director

Principal activities

During the financial half-year the principal 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; and
- operation of a hotel and casino in Cambodia.

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$5,701,993 (31 December 2022: loss of \$36,739,858). No impairment charge has been recognised in the half year ended 31 December 2023 (31 December 2022: \$26,688,721). The loss excluding impairment charge for the half year ended 31 December 2022 was \$10,051,137.

Full details on the financial performance and activities of the consolidated entity are provided in the investor presentation released to the market on the same day as this report.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Porntat Amatavivadhana
Non-Executive Chairman

28 February 2024

DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF DONACO INTERNATIONAL LIMITED

As lead auditor for the review of Donaco International Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Donaco International Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Clayton Eveleigh', is written over a horizontal line.

Clayton Eveleigh
Director

BDO Audit Pty Ltd

Sydney, 28 February 2024

DONACO INTERNATIONAL LIMITED
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 December 2023	31 December 2022
		\$	\$
Revenue	3	19,451,730	9,910,171
Net foreign exchange gain		198,749	284,531
Total revenue and other income		<u>19,650,479</u>	<u>10,194,702</u>
Expenses			
Food and beverages		(637,561)	(419,094)
Employee benefits expense		(4,364,059)	(2,968,007)
Depreciation and amortisation expense		(3,353,662)	(3,778,941)
Impairment of assets	5	-	(26,688,721)
Legal and compliance		(295,039)	(208,102)
Marketing and promotions		(326,322)	(506,108)
Professional & consultants		(322,760)	(195,471)
Property costs		(1,396,557)	(736,928)
Telecommunications and hosting		(39,860)	(56,922)
Gaming costs		(281,170)	(681,902)
General and administration		(995,489)	(843,645)
Taxation fines and penalties		-	(8,997,012)
Finance costs		(801,217)	(1,105,970)
Total expenses		<u>(12,813,696)</u>	<u>(47,186,823)</u>
Profit / (loss) before income tax expense from continuing operations		6,836,783	(36,992,121)
Income tax expense		<u>(1,050,249)</u>	<u>(1,433,335)</u>
Profit / (loss) after income tax expense for the half-year		5,786,534	(38,425,456)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(3,334,572)</u>	<u>3,756,188</u>
Other comprehensive (loss) / income for the half-year, net of tax		<u>(3,334,572)</u>	<u>3,756,188</u>
Total comprehensive income / (loss) for the half-year		<u>2,451,962</u>	<u>(34,669,268)</u>
<i>Profit / (loss) for the half-year is attributable to:</i>			
Non-controlling interest		84,541	(1,685,598)
Owners of Donaco International Limited		<u>5,701,993</u>	<u>(36,739,858)</u>
		<u>5,786,534</u>	<u>(38,425,456)</u>
<i>Total comprehensive income / (loss) from continuing operations for the half-year is attributable to:</i>			
Non-controlling interest		84,541	(1,685,598)
Owners of Donaco International Limited		<u>2,367,421</u>	<u>(32,983,670)</u>
		<u>2,451,962</u>	<u>(34,669,268)</u>
Profit / (loss) per share for profit attributable to the owners of Donaco International Limited			
Basic earnings / (loss) per share	11	0.46	(2.98)
Diluted earnings / (loss) per share	11	0.46	(2.98)

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 31 December 2023

		Consolidated	
	Note	31 December 2023	30 June 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		25,121,941	16,723,912
Trade and other receivables		90,280	133,718
Inventories		669,265	613,028
Other assets		467,050	406,575
Total current assets		26,348,536	17,877,233
Non-current assets			
Property, plant and equipment	4	141,548,703	148,862,035
Intangibles (including licences)	5	13,573,040	13,813,889
Construction in progress		862,016	350,757
Deferred tax assets		75,148	69,478
Other assets		788,750	782,863
Total non-current assets		156,847,657	163,879,022
Total assets		183,196,193	181,756,255
Liabilities			
Current liabilities			
Trade and other payables		31,428,274	31,700,850
Lease liabilities	8	7,394	3,802
Borrowings	6	17,763,020	18,325,650
Income tax payable		1,742,968	1,735,719
Employee benefits		189,923	168,891
Total current liabilities		51,131,579	51,934,912
Non-current liabilities			
Trade and other payables		-	21,038
Lease liabilities	8	8,947,170	9,134,823
Total non-current liabilities		8,947,170	9,155,861
Total liabilities		60,078,749	61,090,773
Net assets		123,117,444	120,665,482
Equity			
Issued capital		372,584,126	372,584,126
Reserves	7	42,999,703	46,334,275
Accumulated losses		(292,512,285)	(298,214,278)
Equity attributable to the owners of Donaco International Limited		123,071,544	120,704,123
Non-controlling interest		45,900	(38,641)
Total equity		123,117,444	120,665,482

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 half-year ended 31 December 2023

	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Consolidated					
Balance at 1 July 2022	372,584,126	41,146,061	(261,464,559)	1,626,841	153,892,469
Loss after income tax for the half-year	-	-	(36,739,858)	(1,685,598)	(38,425,456)
Other comprehensive income for the half-year, net of tax	-	3,756,188	-	-	3,756,188
Total comprehensive income / (loss) for the half-year	-	3,756,188	(36,739,858)	(1,685,598)	(34,669,268)
Balance at 31 December 2022	<u>372,584,126</u>	<u>44,902,249</u>	<u>(298,204,417)</u>	<u>(58,757)</u>	<u>119,223,201</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Consolidated					
Balance at 1 July 2023	372,584,126	46,334,275	(298,214,278)	(38,641)	120,665,482
Profit after income tax for the half-year	-	-	5,701,993	84,541	5,786,534
Other comprehensive loss for the half-year, net of tax	-	(3,334,572)	-	-	(3,334,572)
Total comprehensive (loss) / income for the half-year	-	(3,334,572)	5,701,993	84,541	2,451,962
Balance at 31 December 2023	<u>372,584,126</u>	<u>42,999,703</u>	<u>(292,512,285)</u>	<u>45,900</u>	<u>123,117,444</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 half-year ended 31 December 2023

Note	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Cash flow from operating activities		
Receipts from customers	22,158,080	9,189,786
Payments to suppliers and employees	(11,532,606)	(5,241,354)
	<u>10,625,474</u>	<u>3,948,432</u>
Interest received	316	196
Lease interest paid	(66)	(307)
Interest and other finance costs paid	-	(49,741)
Government levies, gaming taxes and GST	(1,807,485)	(1,367,807)
Net cash flows from operating activities	<u>8,818,239</u>	<u>2,530,773</u>
Cash flow from investing activities		
Payments for property, plant and equipment	(84,489)	(56,976)
Proceeds from disposal of property, plant and equipment	-	25,786
Net cash flows from investing activities	<u>(84,489)</u>	<u>(31,190)</u>
Cash flow from financing activities		
Payments for principal elements of lease	(7,168)	(3,707)
Proceeds from borrowings	1,034,303	3,765,785
Repayment of borrowings	(1,034,303)	(2,727,435)
Net cash flows from financing activities	<u>(7,168)</u>	<u>1,034,643</u>
Net increase in cash and cash equivalents	8,726,582	3,534,226
Cash and cash equivalents, beginning of the financial half-year	16,723,912	6,092,656
Effects of exchange rate changes on cash and cash equivalents	(328,553)	(301,431)
Cash and cash equivalents at the end of the financial half-year	<u>25,121,941</u>	<u>9,325,451</u>

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

Note 1. Material accounting policies

These interim financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These interim 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 2023 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.

Going concern

At 31 December 2023, the consolidated entity recorded net current liabilities of AU\$24.8 million (30 June 2023: AU\$34.1 million). The consolidated entity recorded a net profit after tax of AU\$5.8 million (31 December 2022: net loss after tax of AU\$38.4 million), and net operating cash inflow of AU\$8.8 million (31 December 2022: AU\$2.5 million) for the six months ended on that date.

Unsecured loan facilities are held with Mr Lee Bug Huy, the current Chief Executive Officer and executive director. As at 31 December 2023, US\$12.1 million had been drawn down on the loans, leaving an unutilised portion of US\$0.7 million (AU\$18.3 million and AU\$1.0 million respectively as at 31 December 2023 spot rate). Under an annex to the original loan facility agreement that was entered into on 20 September 2023, the original loan facility of US\$7.8 million (AU\$11.7 million as at 31 December 2023 spot rate) is due to be repaid by 22 July 2027, six years from the first drawdown, while the additional loan facility of US\$5 million (AU\$7.5 million as at 31 December 2023 spot rate) is due to be repaid by 13 May 2026, four years from the first drawdown. The lender however may at any time require early repayment with a minimum of one month's prior notice. The lender has provided a letter of financial support to Donaco which states that he will not withdraw or call upon the loan should it affect any creditors of the Company and its subsidiaries in a detrimental way. Such financial support is provided for the foreseeable future covering a minimum period of 12 months from the date of issue of the financial statements for the 6 months ended 31 December 2023.

Discussions between Lao Cai and the Vietnamese General Department of Taxation (GDT) in relation to the tax and penalty assessment issued by the GDT in January 2023 over the tax treatment of floating chips for the fiscal years ended 30 June 2019, 30 June 2020 and 30 June 2021 remain in progress. The total amount of tax and penalty due in the original decision is approximately VND 149.3 billion (approximately AU\$9.6 million as at 31 December 2023 spot rate) (refer to details in note 10). The letter of financial support provided by the lender also states that in addition to not withdrawing the loan advance, he will continue to finance the operations of the Group (including the payment of the income tax payables, penalties and interests on Lao Cai of VND149.3 billion (AU\$9.6 million as at 30 June 2023 spot rate) if the Group is not able to settle the payment when it falls due.

There are a number of operational reasons why management believes the consolidated entity will continue to see improvements in their operations post the challenges which arose from the pandemic, due to several opportunities that will arise in the near future.

The full reopening of the borders between Vietnam and mainland China, where historically majority of Lao Cai's customers have come from, has resulted in an increase in patronage at the Lao Cai casino since January 2023. Since June 2023, casino patronage has remained steady and consistent with an increase in daily headcount after the Vietnamese government approved extensions for e-visas from 30 days to 90 days, starting from the 15 August 2023. This new policy will help facilitate growth in the numbers of Chinese punters and junkets as they now have 90 days of multiple entries to Vietnam.

It is also noted that the construction of the Sapa airport in Lao Cai presents a significant opportunity for Aristo to attract a significant number of new customers. The airport has a capacity of 1.5 million passengers a year and is expected to be open before 2025. As noted above, management has lodged an appeal against the tax penalty imposed on Lao Cai and will continue to pursue its appeal with the Vietnamese authorities. Donaco is targeting further earnings growth in the near and longer term as a result of increased travel flow and borders reopening in a number of countries. Management will also continue to execute disciplined cost control measures to ensure its corporate costs remain low.

Note 1. Material accounting policies

Going concern (continued)

The DNA Star Vegas (DSV) casino in Cambodia continues to operate stably since reaching full operational capacity in the March 2023 quarter. While a potential junket deal did not materialise as forecast during the period ended 31 December 2023, DSV remains open to junkets. The Cambodian government is undertaking a US\$78 million investment for a city-wide project to further develop Poipet City into a more attractive destination for the growing number of residents and tourists passing through Poipet. The project aims to evolve the city into a vibrant and sustainable destination for residents, tourists and businesses. Management believes that this development would generate flow-on positive impact on DSV operations through increased patronage as the development progresses.

Cambodia and Thailand are currently working together in implementing the Cambodia-Thailand Joint Action Plan on Tourism Cooperation for 2023-25, which aims to expand both countries' bilateral cooperation in the tourism sector under the campaign titled "Two Kingdoms, One Destination."² Through stronger ties between the two countries as well as increased collaboration between the Cambodian government and the private sector, it is anticipated that there will be a surge in travellers from Thailand to Cambodia over this period.

Although Donaco anticipates positive growth from the above opportunities in the upcoming periods, the Directors acknowledge that the above mentioned events and conditions give rise to a material uncertainty that may cast significant doubt over Donaco's ability to continue as a going concern. The ability to continue as a going concern is dependent on the following:

- the continued support of the shareholder Mr Lee Bug Huy on the basis that the existing loans from him will not be recalled and that he will continue to provide financing to meet operational needs, including payment of the Lao Cai tax penalties and interest; and
- management's expectations that the operating environments for both the DNA Star Vegas and Aristo casino operations will continue to improve and that no restrictions are re-imposed in light of the COVID-19 pandemic.

In the event that the above conditions are not satisfied, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has applied the following standards for the first time in the current reporting period:

- Disclosure of Accounting Policies - Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*
- Definition of Accounting Estimates - Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*

The above standards did not have a significant impact on the prior and current period financial statements.

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

Note 2. Operating segments

Identification of reportable operating segments

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

The consolidated entity is domiciled in Australia and operates predominantly in six countries: Australia, Cambodia, Vietnam, Singapore, Malaysia and Hong Kong. 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.

Note 2. Operating segments (continued)

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 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.

	Casino Operations Vietnam \$	Casino Operations Cambodia \$	Corporate Operations \$	Total \$
Consolidated - 31 December 2023				
Revenue				
Sales to external customers	6,091,963	13,359,451	-	19,451,414
Interest	271	-	45	316
Total revenue	<u>6,092,234</u>	<u>13,359,451</u>	<u>45</u>	<u>19,451,730</u>
EBITDA	3,466,915	8,716,043	(1,390,361)	10,792,597
Depreciation and amortisation	(1,356,218)	(1,993,744)	(3,700)	(3,353,662)
Interest revenue	271	-	45	316
Net exchange (losses) / gains	(286,624)	96,435	388,938	198,749
Non-controlling interest	(84,541)	-	-	(84,541)
Finance costs	(143,901)	(270,190)	(387,126)	(801,217)
Profit / (loss) before income tax benefit	<u>1,595,902</u>	<u>6,548,544</u>	<u>(1,392,204)</u>	<u>6,752,242</u>
Income tax expense				(1,050,249)
Profit after income tax expense attributable to the owners of Donaco International Limited				<u>5,701,993</u>
Assets				
Segment assets	46,189,625	136,676,334	330,234	183,196,193
Total assets				<u>183,196,193</u>
Liabilities				
Segment liabilities	18,416,273	20,819,375	20,843,101	60,078,749
Total liabilities				<u>60,078,749</u>

Note 2. Operating segments (continued)

	Casino Operations Vietnam \$	Casino Operations Cambodia \$	Corporate Operations \$	Total \$
Consolidated - 31 December 2022				
Revenue				
Sales to external customers	632,289	9,277,686	-	9,909,975
Interest	181	-	15	196
Total revenue	<u>632,470</u>	<u>9,277,686</u>	<u>15</u>	<u>9,910,171</u>
EBITDA	(362,523)	4,940,057	(1,283,738)	3,293,796
Depreciation and amortisation	(1,473,791)	(2,301,478)	(3,672)	(3,778,941)
Impairment of intangible asset and property, plant and equipment and construction in progress	(22,244,857)	(4,443,864)	-	(26,688,721)
Interest revenue	181	-	15	196
Tax and penalties	(8,997,012)	-	-	(8,997,012)
Net exchange gains / (losses)	50,088	342,391	(107,948)	284,531
Non-controlling interest	1,685,598	-	-	1,685,598
Finance costs	(107,726)	(496,562)	(501,682)	(1,105,970)
Loss before income tax expense	<u>(31,450,042)</u>	<u>(1,959,456)</u>	<u>(1,897,025)</u>	<u>(35,306,523)</u>
Income tax expense				(1,433,335)
Loss after income tax expense to the owners of Donaco International Limited				<u>(36,739,858)</u>
Assets				
Segment assets	42,204,073	133,444,238	378,698	176,027,009
Total assets				<u>176,027,009</u>
Liabilities				
Segment liabilities	16,966,695	20,181,607	19,655,506	56,803,808
Total liabilities				<u>56,803,808</u>

Consolidated
31 December 2023 30 June 2023
\$ \$

Note 3. Revenue

Casino		
- Gaming revenue	16,496,035	8,715,656
- Non-gaming revenue	2,955,379	1,194,319
Interest	316	196
Revenue from continuing operations	<u>19,451,730</u>	<u>9,910,171</u>

Gaming 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 is recognised on a net basis after commission and profit sharing is paid to junket operators. Revenue from slot machines represents the amount received over the exchange counter less the amount returned to customers and profit-sharing paid.

Non-gaming revenue

Non-gaming revenue comprises food and beverage sales and other related services recognised at the point in time when the services are provided or goods are sold to the customer. Non-gaming revenue also includes hotel revenue from room rental which is recognised over time as the service is provided to the customer.

Note 3. Revenue (continued)

Disaggregation of revenue

The consolidated entity derives revenue from the transfer of goods and services over time and at a point in time in the following operating segments:

	Casino Operations Vietnam \$	Casino Operations Cambodia \$	Corporate Operations \$	Total \$
Consolidated - 31 December 2023				
Revenue				
Gaming revenue	4,161,655	12,334,380	-	16,496,035
Non-gaming revenue	1,930,308	1,025,071	-	2,955,379
Interest	271	-	45	316
Total revenue	6,092,234	13,359,451	45	19,451,730
Timing of revenue recognition				
At a point in time	6,022,593	12,919,811	-	18,942,404
Over time	69,641	439,640	45	509,326
	6,092,234	13,359,451	45	19,451,730
Consolidated - 31 December 2022				
Revenue				
Gaming revenue	226,110	8,489,546	-	8,715,656
Non-gaming revenue	406,179	788,140	-	1,194,319
Interest	181	-	15	196
Total revenue	632,470	9,277,686	15	9,910,171
Timing of revenue recognition				
At a point in time	538,643	9,014,055	-	9,552,698
Over time	93,827	263,631	15	357,473
	632,470	9,277,686	15	9,910,171

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Note 4. Non-current assets - property, plant and equipment		
Leasehold buildings and structures - at cost	170,956,510	175,921,168
Less: Accumulated depreciation and impairment	(62,756,302)	(61,377,230)
	<u>108,200,208</u>	<u>114,543,938</u>
Right-of-use asset - at cost (see note 8)	33,389,465	33,165,534
Less: Accumulated depreciation	(2,418,621)	(2,027,449)
	<u>30,970,844</u>	<u>31,138,085</u>
Furniture & fittings - at cost	5,179,838	5,137,920
Less: Accumulated depreciation and impairment	(5,161,536)	(5,115,298)
	<u>18,302</u>	<u>22,622</u>
Machinery and equipment - at cost	42,744,320	43,188,575
Less: Accumulated depreciation and impairment	(40,532,741)	(40,129,441)
	<u>2,211,579</u>	<u>3,059,134</u>
Motor vehicles - at cost	1,950,723	1,951,489
Less: Accumulated depreciation and impairment	(1,947,598)	(1,942,785)
	<u>3,125</u>	<u>8,704</u>
Office equipment and other- at cost	3,579,279	3,634,097
Less: Accumulated depreciation and impairment	(3,559,559)	(3,598,143)
	<u>19,720</u>	<u>35,954</u>
Consumables	124,925	53,598
	<u>124,925</u>	<u>53,598</u>
	<u>141,548,703</u>	<u>148,862,035</u>

Note 4. Non-current assets – Property, plant and equipment (continued)

Reconciliations

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

	Leasehold buildings	Right-of-use asset	Furniture and fittings	Machinery and equipment	Motor vehicles	Office equipment and other	Consumables	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	133,123,194	30,946,391	13,469	6,114,601	35,585	125,643	49,147	170,408,030
Additions	-	-	17,575	108,995	6,323	-	84,409	217,302
Exchange differences	4,181,311	937,631	381	151,186	468	2,714	(63,477)	5,210,214
Impairment expense	(18,165,800)	-	-	(1,451,710)	(2,574)	(24,689)	-	(19,644,773)
Depreciation expense	(4,594,767)	(745,937)	(8,803)	(1,863,938)	(31,098)	(67,714)	(16,481)	(7,328,738)
Balance at 30 June 2023	114,543,938	31,138,085	22,622	3,059,134	8,704	35,954	53,598	148,862,035
Additions	4,091	-	854	38,900	-	-	137,805	181,650
Exchange differences	(4,114,631)	215,775	251	(187,056)	148	(2,538)	(53,269)	(4,141,320)
Depreciation expense	(2,233,190)	(383,016)	(5,425)	(699,399)	(5,727)	(13,696)	(13,209)	(3,353,662)
Balance at 31 December 2023	108,200,208	30,970,844	18,302	2,211,579	3,125	19,720	124,925	141,548,703

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

Note 5. Non-current assets - intangibles

Land right - at cost	69,394	72,172
Less: Accumulated amortisation and impairment	(57,353)	(57,737)
	<u>12,041</u>	<u>14,435</u>
Casino licence - at cost	434,798,764	448,377,376
Less: Impairment	(421,237,765)	(434,577,922)
	<u>13,560,999</u>	<u>13,799,454</u>
	<u>13,573,040</u>	<u>13,813,889</u>

DNA Star Vegas - Casino licence

Useful life

The casino licence relates to the licence to operate the DNA Star Vegas Company Limited (DNA Star Vegas) casino acquired on 1 July 2015. The licence is determined to have an indefinite useful life and is stated at cost less any impairment losses.

Following the promulgation of the Law on the Management of Commercial Gambling in November 2020 (the Law), the Royal Government of Cambodia issued on 26 August 2021 Sub-Decree No. 166 on the Minimum Capital Requirement for Casino Operation. This sub-decree sets out the definition of "capital" and the minimum capital requirements for new and existing casino operators in Cambodia, which apply to both stand-alone casinos and casinos within integrated resorts. Prior to the enactment of the Law, there were no integrated resorts as all existing casino operations are stand-alone operations. For these existing casino operations duly licensed to operate prior to the enactment of the Law, the minimum capital requirement of at least KHR400 billion (approximately US\$100 million, or AU\$146 million as at 31 December 2023) must be satisfied over a period of time and shall be implemented in five phases as follows:

- Phase 1 (Year 1 - 30 June 2022) - at least KHR50 billion (approximately US\$12.5 million, or AU\$18 million at 31 December 2023)
- Phase 2 (Year 4 - 30 June 2025) - at least KHR100 billion (approximately US\$25 million, or AU\$37 million at 31 December 2023)
- Phase 3 (Year 7 - 30 June 2028) - at least KHR200 billion (approximately US\$50 million, or AU\$73 million at 31 December 2023)
- Phase 4 (Year 11 - 30 June 2032) - at least KHR300 billion (approximately US\$75 million, or AU\$110 million at 31 December 2023)
- Phase 5 (Year 15 - 30 June 2036) - at least KHR400 billion (approximately US\$100 million, or AU\$146 million at 31 December 2023)

These minimum capital requirements therefore apply to DNA Star Vegas. On 18 January 2022, the share capital of DNA Star Vegas was increased from US\$5 million (AU\$7 million at 31 December 2023) to US\$12.5 million (AU\$18 million at 31 December 2023), therefore meeting the minimum capital requirement as at 31 December 2023 under Phase 1. The casino licence was renewed on 19 August 2022, and will expire on 31 December 2026. The Directors consider the casino license to be an intangible asset with an indefinite useful life on the basis that the license is renewable indefinitely, subject to the Group continuing to meet all necessary requirements for renewal.

Impairment assessment

The casino licence is allocated to DNA Star Vegas Company Limited, which has been identified by management as a reportable segment in accordance with AASB 8 (see note 2). The casino operations are in a discrete geographical location from other operations within the group. As the assets within DNA Star Vegas together generate cash flows from the casino and hotel operations independently of other assets or groups of assets within the group, management has determined that DNA Star Vegas is a cash-generating unit. Accordingly, the cash-generating unit of DNA Star Vegas is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Note 5. Non-current assets - intangibles (continued)

A value-in-use calculation was undertaken as at 31 December 2023 which was determined using budgeted EBITDA based on past performance and its expectations for the future. The value-in-use calculation is based on a 5.5-year cash flow forecast period up to 30 June 2029. The first six months of revenue from January to June 2024 in the value-in-use calculation is based on a growth rate of 13.34% over the actual revenue for the year ended 30 June 2023. The next year of forecast revenue for the year ending 30 June 2025 reflects a growth rate of 19.3% over the actual revenue for the period January to December 2023. Subsequent years of forecast revenue in the value-in-use calculation reflect a growth rate of 3%. The pre-tax discount rate used of 20.96% reflects specific risks relating to the casino and hotel industries in Asia. The discount rate has decreased compared to the rates used of 23.51% at 30 June 2023. The value-in-use calculation was determined using a foreign exchange rate between Thai Baht and US Dollar of 34.379 THB:1 USD. Capital expenditure of THB76 million (AU\$3.3 million at the 31 December 2023 spot rate) in total over the forecast period was included in the value-in-use calculation. The value in use as at 31 December 2023 was determined to be \$109,794,974 (US\$75,099,161 converted at 31 December 2023 spot rate). As at 31 December 2023, the recoverable amount of the cash-generating unit of DNA Star Vegas exceeded its carrying amount by AU\$1,377,731 (US\$942,361 as at 31 December 2023 spot rate). On the basis of the current assessment, the discount rate would need to increase by 0.25% for an impairment charge to occur, all other assumptions remaining constant. However, the Directors are confident that the cash flow forecasts applied in the value-in-use assessment are conservative in light of recent improvements to trading conditions for the entity and a return to unencumbered trade in the past-COVID environment. Based on the impairment testing as at 31 December 2023, the Directors have determined that no further impairment loss was required to be recognised as at 31 December 2023.

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$

Note 6. Current liabilities - borrowings

Shareholder loan	17,763,020	18,325,650
	<u>17,763,020</u>	<u>18,325,650</u>

An unsecured loan facility was signed in July 2021 with Mr Lee Bug Huy, the current Chief Executive Officer and executive director, for a loan of US\$7.8 million (AU\$11.4 million as at 31 December 2023 spot rate). An additional loan facility agreement was entered into on 2 May 2022 for an additional US\$5 million (AU\$7.3 million at the 31 December 2023 spot rate). Under an annex to the original loan facility agreement that was entered into on 20 September 2023, the original loan facility is due to be repaid by 22 July 2027, six years from the first drawdown (as extended from the original repayment due date of 22 July 2024), while the additional loan facility is due to be repaid by 13 May 2026, four years from the first drawdown. Both loan facilities are subject to an interest rate of 6% per annum. The lender however may at any time require early repayment with a minimum of one month's prior notice. On this basis, the shareholder loan has been recognised as a current liability as the Company does not have an unconditional right to defer the settlement of the loan for at least 12 months after the reporting period. The lender has provided a letter of financial support to Donaco which states that he will not withdraw or call upon the loan should it affect any creditors of the Company and its subsidiaries in a detrimental way. Such financial support is provided for the foreseeable future covering a minimum period of 12 months from the date of issue of the financial statements for the 6 months ended 31 December 2023. As at 31 December 2023, US\$12.1 million had been drawn down on the loans, leaving an unutilised portion of US\$0.7 million (AU\$17.7 million and AU\$1.0 million respectively as at 31 December 2023 spot rate).

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

Total facilities		
Shareholder loan	18,713,457	19,306,187
	<u>18,713,457</u>	<u>19,306,187</u>
Used at the reporting date		
Shareholder loan	17,763,020	18,325,650
	<u>17,763,020</u>	<u>18,325,650</u>
Unused at the reporting date		
Shareholder loan	950,437	980,537
	<u>950,437</u>	<u>980,537</u>

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Note 7. Equity - reserves		
Revaluation surplus reserve	1,855,327	1,855,327
Share-based payment reserve	3,369,254	3,369,254
Foreign currency reserve	37,775,122	41,109,694
	<u>42,999,703</u>	<u>46,334,275</u>

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Revaluation surplus reserve	Share-based payment reserve	Foreign currency reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2023	1,855,327	3,369,254	41,109,694	46,334,275
Foreign currency translation	-	-	(3,334,572)	(3,334,572)
Balance at 31 December 2023	<u>1,855,327</u>	<u>3,369,254</u>	<u>37,775,122</u>	<u>42,999,703</u>

Note 8. Leases

As part of the settlement agreements on resolution of the dispute between the Lee Hoe Property Co., Ltd, the landlord of DNA Star Vegas and the company, an amended perpetual lease agreement was executed as of 2 March 2020 in relation to the DNA Star Vegas lease, which grants Donaco security of tenure over the Star Vegas casino until 15 June 2115. The lease is in relation to land of approximately 232,189 square meters located in Poi Pet, Cambodia. This follows an additional lease payment of US\$20 million (AU\$29.2 million as at 31 December 2023 spot rate) to Lee Hoe Property Co., Ltd. The monthly lease payment is US\$20,000 (AU\$29,240 as at 31 December 2023 spot rate) for the first 5 years from the effective settlement date, US\$30,000 per month (AU\$43,860 as at 31 December 2023 spot rate) starting from the 6th year to the end of the 10th year, and from the 11th year onwards, the monthly rent will increase 3% every 3 years. In addition, for the five financial years commencing 1 July 2020, there is an entitlement to share 25% of the Star Vegas business EBITDA in excess of US\$16 million (AU\$23.4 million as at 31 December 2023 spot rate) of the EBITDA of the relevant financial year.

Under the amended perpetual lease agreement, the lease is for a period of 50 years with an option to extend for another 50 years. However, the extension period of 50 years has not been included in the lease liability and right-of-use asset calculation as it remains uncertain that both parties (Donaco and Lee Hoe Property Co., Ltd) will agree to extend the lease term. Accordingly, while Donaco has security of tenure over the Star Vegas Casino to 15 June 2115 following finalisation of the settlement agreements, the lease liability and right-of-use asset have been calculated as at 31 December 2023 over the remaining 42 years to June 2065.

Lao Cai International Hotel Joint Venture Company Limited has a non-cancellable operating lease commitment over a 50-year term in respect of its casino premises in Lao Cai, Vietnam. The lease commenced 8 April 2011 and the remaining lease term as at 31 December 2023 is approximately 38 years.

The lease agreement that was entered into during the year ended 30 June 2022 for office premises in Kuala Lumpur, Malaysia commenced on 1 January 2022 for a period of 2 years. A new lease agreement was entered into on 3 November 2023 for the same office premises. The new lease commenced on 1 January 2024 and is for a period of 2 years.

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Right-of-use assets (recognised as part of property, plant and equipment)		
Properties	30,970,844	31,138,085
	<u>30,970,844</u>	<u>31,138,085</u>
Lease liability		
Properties - current	7,394	3,802
Properties - non-current	8,947,170	9,134,823
	<u>8,954,564</u>	<u>9,138,625</u>

Note 8. Leases (continued)

The lease liability has been measured at the present value of the remaining lease payments over the term of the lease. For the lease in relation to the land in Cambodia, the lease payments were discounted using an incremental borrowing rate of 6.53%. The lease payments for Vietnam were discounted using an incremental borrowing rate of 9.5%, while the incremental borrowing rate used for the Kuala Lumpur office premises was 3.25%.

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Depreciation of right-of-use asset (recognised as part of depreciation expense)	<u>383,016</u>	<u>363,245</u>
Interest expense (included in finance cost)	<u>272,667</u>	<u>259,501</u>

The payments made on the Kuala Lumpur office lease for the half year to 31 December 2023 were \$3,820. There were no payments made for the leases in Cambodia and Vietnam during the half year ended 31 December 2023 (31 December 2022: nil). Payments for the lease in Vietnam are not due until May 2025. For the lease in Cambodia, the outstanding payable balance as at 31 December 2023 was \$1,140,360 (30 June 2023: \$1,176,474), recognised in trade and other payables. Under the lease agreement, the landlord Lee Hoe Property Co., Ltd has the right to terminate the lease without penalty, after giving a one-month written notice to DSV. DSV has received a confirmation letter from Lee Hoe Property Co., Ltd, in which the landlord confirms that they will not exercise this right to terminate for the foreseeable future, covering a minimum period of 12 months from the date of issue of the financial statements for the 6 months ended 31 December 2023.

Note 9. Contingent assets and liabilities

DNA Star Vegas increased penalties and interest

As at 31 December 2023, the consolidated entity has recognised contingent liabilities in respect of the possible increased penalties and interest on the late payment of the obligatory payments payable by DNA Star Vegas to the Commercial Gambling Management Commission ("CGMC"). The contingent liabilities are as follows:

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Penalties plus interest on non-payment of tax obligatory payments to CGMC under:		
- Lump Sum Tax Regime	<u>462,884</u>	<u>424,043</u>
	<u>462,884</u>	<u>424,043</u>

Lao Cai increased tax on floating chip movement

On 30 January 2023, Lao Cai received Decision No. 15/QD-TCT from the Vietnamese General Department of Taxation (GDT), dated 11 January 2023, regarding the requirement to pay tax collections and penalties primarily associated with the determination of tax payable for floating chips, with a total amount of approximately VND 149.3 billion (approximately AU\$9.6 million as at 31 December 2023 spot rate). The tax and penalties have been recognised as income tax payable and other payables in the consolidated financial statements as at 30 June 2023. The decision was issued after an inspection conducted by the tax authorities for the fiscal years ended 30 June 2019, 30 June 2020 and 30 June 2021. However management disagrees with this decision and is pursuing complaint procedures in accordance with the laws and regulations of Vietnam. Management has submitted complaint letters to the Vietnamese GDT, with the most recent one sent on 22 September 2023 to provide further explanation for excluding floating chips from taxable revenue, and to request that the Vietnamese Ministry of Finance (MoF) consider readjustment of the taxable revenue of Lao Cai for FY2018, FY2019 and FY2020 as well as the associated tax shortfall and penalties. In response, the MoF issued a reply letter dated 17 October 2023 which states that a verification team will be appointed by the inspection department under the MoF to verify and clarify the content of Lao Cai's complaint and also to collect information on unredeemed chips. On 3 November 2023, Lao Cai worked with the verification team to further explain the tax treatment of the unredeemed chips. The verification team verbally advised that they will organise a dialogue among MoF, GDT and Lao Cai however date is yet to be confirmed.

Note 9. Contingent assets and liabilities (continued)

In the event that Lao Cai's ongoing appeal against the Vietnamese GDT's decision on the tax treatment of floating chips is not successful, the consolidated entity has contingent liabilities in respect of the increased tax that would arise if the floating chip movement were to be treated as taxable revenue. Based on estimated tax calculations for the years ended 30 June 2022, 30 June 2023 and the half-year ended 31 December 2023, the inclusion of floating chip movement as taxable revenue would result in the following increases:

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Value-added tax	153,503	115,592
Special sale tax	397,970	299,684
	<u>551,473</u>	<u>415,276</u>

The estimated impact on corporate income tax is nil, as Lao Cai is expected to be in a tax loss position for these years.

The Directors are not aware of any other contingent assets or liabilities at 31 December 2023.

Note 10. Events after the reporting period

The Directors are not aware of any events subsequent to the reporting period that may have a material impact on the financial statements.

Note 11. Profit / (loss) per share

	Consolidated	
	31 December 2023	31 December 2022
	\$	\$
Profit / (loss) after income tax	5,786,534	(38,425,456)
Non-controlling interest	(84,541)	1,685,598
Profit / (loss) after income tax attributable to the owners of Donaco International Limited	<u>5,701,993</u>	<u>(36,739,858)</u>

	Consolidated	
	31 December 2023	31 December 2022
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,234,727,414	1,234,727,414
Adjustments for calculation of diluted earnings per share:		
Options and warrants over ordinary shares which are dilutive	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,234,727,414</u>	<u>1,234,727,414</u>
	Cents	Cents
Basic earnings / (loss) per share	0.46	(2.98)
Diluted earnings / (loss) per share	0.46	(2.98)

Note 12. 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	
		31 December 2023	30 June 2023
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%
Donaco Holdings (HK) Pte Ltd *	Hong Kong	100%	100%
DNA Star Vegas Co. Limited **	Cambodia	100%	100%
Donaco Investment (S) Pte Ltd *	Singapore	100%	100%

* 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 (HK) 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.

DNA Star Vegas Co. Limited - Operates Cambodian casino operations.

Donaco Investment (S) Pte Ltd - Investment company.

Note 13. Related party transactions

Consolidated	
31 December 2023	31 December 2022
\$	\$

(i) Transactions with related parties

The following transactions occurred with director-related parties:

Interest expenses on shareholder loan from Mr Lee Bug Huy	486,955	531,775
---	---------	---------

The above transactions occurred at commercial rates.

Consolidated	
31 December 2023	30 June 2023
\$	\$

(ii) Loans with related parties

Shareholder loan from Mr Lee Bug Huy (refer to note 6)	17,763,020	18,325,650
--	------------	------------

Interest payable to Mr Lee Bug Huy (refer to note 6)	2,105,851	1,618,896
--	-----------	-----------

There were no other payables or receivables from related parties at the current or previous reporting date.

DONACO INTERNATIONAL LIMITED
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on the 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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Mr Porntat Amatavivadhana
Non-Executive Chairman

Date 28 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Donaco International Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Donaco International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Other matter

The financial report of Donaco International Limited for the year ended 30 June 2023 was audited by another auditor who expressed an unmodified opinion on that report on 29 September 2023.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

BDO Audit Pty Ltd

A stylized signature of the BDO firm, consisting of the letters 'BDO' in a cursive, handwritten style.A handwritten signature in black ink, appearing to read 'Clayton Eveleigh'.

Clayton Eveleigh
Director

Sydney, 28 February 2024

Directors	Porntat Amatavivadhana - Non-Executive Chairman Roderick John Sutton - Non-Executive Director Lee Bug Huy - Executive Director Andrew Phillips - Non-Executive Director Issaraya Intrapai boon - Non-Executive Director
Company secretary	Hasaka Martin (resigned 19 September 2023) Joan Dabon (appointed 19 September 2023)
Registered office	Level 43 25 Martin Place Sydney NSW 2000 Australia
Principal place of business	Level 43 25 Martin Place Sydney NSW 2000 Australia
Share register	Boardroom Level 8 210 George Street Sydney NSW 2000
Auditor	BDO Australia - Sydney Level 11 1 Margaret St Sydney NSW 2000
Stock exchange listing	Donaco International Limited shares are listed on the Australian Securities Exchange (ASX code: DNA)
Website	www.donacointernational.com