DONACO INTERNATIONAL LIMITED
ABN 28 007 424 777

Full Year Statutory Accounts
30 June 2020

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General information

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

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

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 October 2020. The directors have the power to amend and reissue the financial statements.

From the Chairman

Dear fellow shareholders,

It is my privilege to once again return to the Board of Donaco International Limited albeit during a difficult period. The Company has undergone a number of challenges both internally and externally. From the significant changes in shareholding, management, business operating environment, travel restrictions and the arbitration settlement to the unexpected COVID-19 pandemic.

As we enter the 2021 financial year, we have completed our renewal of the Board, and now have in place a highly experienced executive for the role of Chief Executive Officer. Encouragingly, we are seeing the early signs of improved operational and financial performance as both the Cambodian and Vietnamese governments allowed the reopening of casino operations.

An update on the progress of the settlement of litigation over the Company's Star Vegas business in Cambodia. All parties to the litigation agreed to a settlement as announced to the ASX in March 2020. However, the Company, DNA Star Vegas Co Ltd and Donaco Hong Kong Limited are parties to a Facility Agreement with Mega International Commercial Bank Co Ltd (Mega Bank). Provisions of the Facility Agreement require the Company to obtain Mega Bank's consent to fulfil parts of the settlement agreement. The Company has been in discussions with Mega Bank seeking the required consents and remains confident that Mega Bank will support the agreed settlement. The Company advises that all the settlement parties have agreed to defer the settlement payments and additional lease payment whilst awaiting Mega Bank's consent. This significantly reduces uncertainty around the settlement during this process. As previously advised, no net change to the cash position of the Company will eventuate from the settlement. Furthermore, the settlement retires over 80% of the Company's current liabilities (as at 31 December 2019) and preserves the Star Vegas business, which is the Company's primary cash and profit generating asset.

The 2020 financial year produced a disappointing result, with the Company reporting a statutory net loss after tax of $58.9 million for the 12 months ended 30 June 2020. This loss can be attributed to $52.6 million of non-recurring items. This primarily comprised a non-cash impairment on the carrying value of the Star Vegas casino license of $50.3 million, partially due to a more conservative approach applied by the new Board. In addition, a write-off of $0.2 million for trade and other receivables associated with junket programs that are being realigned, and an additional $2.0 million of legal costs were also incurred. There was also a net foreign exchange loss of $0.1 million.

Whilst we are disappointed to present another significant loss at the statutory level as we seek to resolve the litigation issues with the vendor of Star Vegas, nonetheless, we are encouraged that despite the disruption, both our venues continued to produce positive cash flows. Our financial position continues to remain solid with further debt reduction, and improved terms and covenants were secured for our Mega Bank debt, which has fallen to US$12.8 million (A$18.7 million as at 30 June 2020 spot rate), following the most recent repayment in August 2020.

The group recorded an EBITDA of $10.4 million for the 2020 financial year, down from $29.6 million previously, and generated an underlying net loss after tax of $6.3 million. Group revenues of $53.5 million were recorded, compared to $86.3 million previously, and the group recorded a negative operating cash flow of $3.2 million, albeit lower than the $25.6 million recorded last year. Whilst this performance is below last year's levels, it has been delivered during a period where there was significant management disruption, and we lacked senior management leadership and direction for the majority of the financial year.

The Board recognises that our aim is to create value for our shareholders, and that capital allocation is one of the most important areas of value creation for shareholders. We have not lost sight in the pursuit of a range of capital management initiatives such as the Entitlement Offer of A$14 million, as financial stability is restored.

Looking ahead to the 2021 financial year, the board's main priority will be to set the course for the Company to pursue its operations under COVID-19 and the new business norms successfully. With the appointment of Lee Bug Huy as the Group Chief Executive Officer, I am confident we now have the leadership and experience required to deliver significantly improved operational and financial performance at both our properties.

I would like to take this opportunity to thank our shareholders for their continued support and I look forward to delivering significantly improved performance from both Star Vegas and the Aristo over the 2021 financial year.

Paul Porntat Amatavivadhana
Chairman

DONACO INTERNATIONAL LIMITED
ABN 28 007 424 777
30 June 2020

Dear Shareholders,

I am pleased to have this opportunity to communicate with you as the newly appointed Chief Executive Officer of Donaco International Limited.

I believe Star Vegas is an exceptional business, and even with the recently increased level of competition it remains a premier venue in the Poipet strip. Despite difficulties during the year under the COVID-19 pandemic, the business still had a profitable baseline performance before the closing of the borders between Cambodia and Thailand. I am optimistic about the improvements that can be made in the coming years.

We now have the opportunity to rework our gaming machine arrangements, utilise our ample space to introduce retail outlets, and to restructure our arrangements with junket operators for improved outcomes.

We have started work on these issues with some simple early adjustments to some of our agreements with service providers in both the gaming and non-gaming operations, such as more accurately allocating utilities expenses which had previously been borne by Star Vegas, and closely monitoring labour and procurement expenses.

For financial year 2020, the 45% decline in net gaming revenue to THB 747.8 million was compounded by a higher win rate of 3.45% but with a lower VIP turnover of THB 27,782 million, compared to a 2.69% win rate and THB 81,370 million turnover in the prior year. Slot machine gross revenue also declined significantly by 54%. Going forward, we will revisit our arrangements on these machines and may look at revising profit-share arrangements, and seeking additional partners. Non-gaming revenue was down by 45% to THB 68.4 million, and some further changes will be introduced to boost the attractiveness of the non-gaming businesses.

The EBITDA decline of 63% to THB 223.8 million was due to a combination of the VIP turnover, higher staff count required for operation of the online gaming business, and higher marketing costs related to our events program, which drove the strong increase in visitation. We intend to look closely at the appropriateness of each these aspects of the business.

In Vietnam, Aristo's operation was also affected by the border closure between China and Vietnam under the COVID-19 pandemic. Whilst the full year results reflect the impact of the COVID-19 pandemic, the Aristo operations had been resumed on a limited level and we are expecting a better performance after the reopening of the borders which is expected to occur in the second half of CY2020.

To meet the Group's immediate capital requirments due to the impact of COVID-19 on its operations, including making repayments under the Group's loan facility with Mega Bank, the Company issued a pro-rata, non-renounceable fully underwritten entitlement offer on 3 July 2020 of 1 new share in the Company for every 2 shares held by eligible shareholders to raise approximately US$10 million (before costs). The offer was subsequently completed on 27 July 2020. The funds raised will be used to meet the working capital needs of the casino operations and other corporate, administration and transaction costs.

The Group is optimistic that the COVID-19 situation will continue to improve in the region in which the casinos operate and the reopening of the casino is a positive step towards the resumption of normal operations.

As the new Group Chief Executive Officer, I have confidence in the calibre and composition of the new Board. My role and focus are entirely on improving the operational performance of the venues, without distraction. I believe there is significant growth potential achievable at both businesses, and look forward to delivering improved performance from both properties.

Lee Bug Huy
Group Chief Executive Officer

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') 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 2020.

Directors
The following persons were directors of Donaco International Limited as at the beginning of the financial year or as at the date of this report, unless otherwise stated:

Stuart James McGregor (removed 29 November 2019)
Joey Lim Keong Yew (removed 18 July 2019)
Benedict Paul Reichel (resigned 29 November 2019)
Benjamin Lim Keong Hoe (removed 18 July 2019)
David John Green (removed 29 November 2019)
Yan Ho Leo Chan (appointed 12 August 2019)
Kurkye Wong (appointed 12 August 2019)
Yugo Kinoshita (appointed 14 August 2019, removed 29 November 2019)
Roderick John Sutton (appointed 29 November 2019)
Simon Vertullo (appointed 9 December 2019, resigned 2 September 2020)
Norman Mel Ashton (appointed 9 December 2019, resigned 2 September 2020)
Lee Bug Huy (appointed 3 August 2020)
Paul Porntat Amatavivadhana (appointed 3 August 2020)
Andrew Phillips (appointed 2 September 2020)
Issaraya Intrapaiboon (appointed 2 September 2020)

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, specifically:
- operation of a hotel and casino in northern Vietnam; and
- operation of a hotel and casino in Cambodia.

Dividends

No dividends were paid for the year ended 30 June 2020.

Review of operations and financial results

Result Highlights

Underlying net loss after tax (NLAT) of A$6.3 million, down from the restated net profit after tax (NPAT) of A$9.2 million in FY19. Revenue at Star Vegas and Aristo was severely affected by the COVID-19 pandemic which resulted in the temporary closures of the casinos from 1 April 2020 and border closures between Vietnam and China, and Cambodia and Thailand. While Aristo has been allowed to reopen on 8 May 2020, it has been operating on a limited basis, as the border between Vietnam and China, from where most of Aristo's patrons originate, remains closed. The Star Vegas casino is still closed, as the Cambodia-Thailand border also remains closed.

	2020 $ million	2019 Restated $ million
• Statutory NLAT	(58.9)	(198.0)
• Contribution of non-recurring items in NLAT result	(52.6)	(207.2)
• Underlying (NLAT)/ NPAT	(6.3)	9.2
• Group Revenue	53.5	86.3
- Star Vegas revenue	39.7	64.7
- Aristo revenue	13.7	21.6
• Group Earnings Before Interest, Tax, Depreciation, Amortisation and Impairment (EBITDA)	10.4	29.6
• Underlying Group EBITDA	10.4	29.6
• Balance sheet with		
– Cash	12.6	26.6
– Borrowings	28.2	35.9
– Net debt	15.6	9.3
– Net debt to equity ratio	11.5%	4.9%

Review of operations and financial results (continued)

Reported loss after tax was A$58.9 million, which included non-recurring items totalling negative A$52.6 million. In contrast, the restated loss after tax reported in FY19 was A$198.0 million which included non-recurring items totalling negative A$207.2 million.

The non-recurring items in FY20 include the Star Vegas licence impairment charge of A$50.3 million (2019: A$186.6 million). Impairment was also recognised for trade and other receivables of A$0.2 million (restated 2019: A$13.8 million). In addition, there were A$2.0 million of non-recurring legal fees in regard to ongoing litigation matters (2019: A$2.5 million) and a net foreign exchange loss of A$0.1 million (2019: $0.6 million).

Excluding the non-recurring items, underlying NLAT for the Group was A$6.3 million, down from NPAT of A$9.2 million in FY19.

Venue Performances

Star Vegas - FY20 v FY19

- Net Gaming Revenue down 45% to THB 747.8 million
- Non-Gaming Revenue down 45% to THB 68.4 million
- EBITDA down 63% to THB 223.8 million
- Property Level NPAT down 54% to THB 52.4 million
- VIP Gross Win rate 3.45%

Gaming revenue at Star Vegas fell 45% due to the closure of the casino on 1 April 2020 in adherence with the Cambodian government mandating the temporary closure of all casinos. VIP turnover decreased by 45% due to increased competition in Poipet and the emergence of unregulated gambling affecting the entire market. Improved junket and slot profit sharing arrangements were implemented by new management however these were offset by lower visitation and turnover. Operating expenses were down 33% as cost reduction measures were proactively implemented to minimise the COVID-19 financial impact. The casino partially reopened as of 25 September 2020, however is still operating on a limited scale for patrons based in Cambodia as the Cambodia-Thailand border remains closed. The limited reopening will allow the casino to test its operational systems whilst ensuring the health and wellbeing of its staf and visitors. The Directors will continue to maintain a tight cost control strategy while operations remain at limited operating capacity, and local management will have the discretion to tailor operations to local conditions.

Aristo International Hotel - FY20 v FY19

- Net Gaming Revenue down 36% to RMB 38.7 million
- Non-Gaming Revenue down 38% to RMB 28.0 million
- EBITDA down 54% to RMB 24.2 million
- Property Level NPAT down 95% to RMB 1.1 million
- VIP Gross Win rate 2.32%

Aristo was temporarily closed from 1 April 2020 in adherence to the Vietnamese Government mandating the temporary closure of all casinos, and was allowed to reopen on 8 May 2020. However the casino operated through the rest of FY20 on a limited basis as the border with China remains closed. The COVID-19 impact on the FY20 result was mitigated by some extent as Aristo delivered a strong result for the first half of FY20, with net gaming revenue up by 42% and EBITDA up 71% compared to the prior corresponding period. Cash flow from operations remained positive as a result of the first half year performance. Operating expenses decreased by 19% compared to FY19, as robust cost reduction measures were implemented to minimise the financial impact from COVID-19. Aristo will continue to adapt to border changes with local management having the discretion to tailor operations to local conditions.

Capital Management

No FY20 dividend is payable due to the statutory loss, as dividends are restricted to 100% of statutory net profit after tax under the Mega Bank loan facility.

On 12 June 2020, Donaco received a written waiver from Mega Bank deferring its US$5 million principal repayment due on 15 June 2020 to 31 December 2020, in light of the impact to Donaco as a result of the COVID-19 pandemic. Mega Bank also granted a waiver on all June 2020 covenants until 31 December 2020, including the requirements to hold minimum cash and cash equivalents as well as to meet interest cover ratio and debt to EBITDA.

Subsequent to year end, Donaco successfully completed an entitlement offer that has raised approximately A$14.4 million. Under the entitlement offer, 1 new share was offered for every 2 existing shares held by eligible shareholders at a price of $0.035 per new share, for a total of 411,796,609 new shares. This entitlement offfer was fully underwritten by Mr Lee Bug Huy and Mr Lee Bug Tong.

Under the agreement reached with Mega Bank, the proceeds of this capital injection will be used to settle the deferred principal repayment as well as to meet the Donaco's working capital requirements.

Significant changes in the state of affairs

Apart from the impact of the COVID-19 pandemic as set out under Review of operations and financial results and elsewhere in the Directors' report, there were no other significant changes in the state of affairs during the financial year.

Matters subsequent to the end of the financial year

Dividend
There will be no dividend declared for FY2020.

Matters subsequent to the end of the financial year (continued)

Resumption of casino operations

On 29 July 2020 it was confirmed that the Government of Cambodia lifted the temporary closure of casino operations. Casino operations may resume, contingent on receiving approval from the Ministry of Health (MOH) and implementing certain preventative measures against COVID-19. The casino partially reopened as of 25 September 2020, however is still operating on a limited scale for patrons based in Cambodia as the Cambodia-Thailand border remains closed.

The Company notes that Thailand has extended its state of emergency due to COVID-19 until 31 October 2020, which will likely impact the border reopening date. As the majority of Star Vegas' visitors are from Thailand, Donaco expects patronage numbers will remain low at Star Vegas until the border between Thailand and Cambodia is reopened.

Casino operations at the Aristo International Hotel in Lao Cai, Vietnam has been lifted since May 2020, however as the border with China remains closed, patronage at the casino is expected to remain low as most of Aristo's patrons are Chinese residents.

The Company is optimistic that the COVID-19 situation will continue to improve in the region in which both casinos operate and the reopening of both casinos is a positive step towards the resumption of normal operations.

Entitlement issue

The COVID-19 pandemic continues to disrupt casino operations in Vietnam and Cambodia and prevent resumption of normal business activities. While both casinos have since reopened, international borders between Vietnam and China, and Cambodia and Thailand, remain closed which adversely affects patronage at these casinos. Cost-cutting measures such as pay cuts and redundancies remain in place. To meet the company's urgent need of capital due to the impact of COVID-19 on its operations as well as the requirement to make repayments under the company's loan facility with Mega Bank, the company issued a pro-rata, non-renounceable fully underwritten entitlement offer on 3 July 2020 of 1 new share in the company for every 2 shares held by eligible shareholders at a price of $0.035 for 411,796,609 new shares, to raise approximately AUD14.4 million (before costs). The offer was subsequently completed on 27 July 2020, with a total of 113,692,949 of new shares applied for by shareholders and the remaining 298,103,660 new shares acquired by Mr Lee Bug Tong and Mr Lee Bug Huy. Post completion of the entitlement offer and associated underwriting, Mr Lee Bug Huy and Mr Lee Bug Tong hold a relevant interest in the Company of 42.12%, an increase from their previous interest of 17.99%.

The funds raised will be used to make principal repayments of USD10 million (approximately AUD14.57 million at 30 June 2020 spot rate) to Mega Bank and also to meet the working capital needs of the casino operations and other corporate, administration and transaction costs.

Appointment of new directors

Following the completion of the underwriting agreement as part of the entitlement offer noted above, Mr Lee Bug Huy and Mr Paul Porntat Amatavivadhana have been appointed as non-executive directors to the Board of the company effective from 3 August 2020.

On 2 September 2020, two additional independent directors, Mr Andrew Phillips and Mr Issaraya Intrapaiboon were appointed to the Board, as two Australian-based, non-executive directors. Mr Paul Porntat Amatavivadhana was also appointed as non-executive Chairman, while Mr Lee Bug Huy was appointed Chief Executive Officer effective 3 September 2020. As part of this process, Chairman Mel Ashton and non-executive director Simon Vertullo resigned from the Board.

No other matter or circumstance has arisen since 30 June 2020 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 & 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 800 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 is now a 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.

Star Vegas is anticipated to remain closed until the Cambodian border with Thailand reopens and its visitors who are mostly from Thailand will resume their patronage. While Aristo has resumed operations since May 2020, its operations will continue to be managed tightly whilst visitation from Chinese tourists remains low over the coming months due to the continuing closed borders between Vietnam and China. Donaco will continue to monitor the COVID-19 situation closely and implement measures to keep visitors and staff as safe as possible.

Donaco is ready to resume full casino operations once the COVID-19 situation improves and international borders reopen. The strong underlying earnings result for the first half of the 2020 financial year provides the Board with confidence that Donaco is pivoted for stabilisation of the business. Donaco's operational and financial performance in FY2021 will be closely aligned to the global COVID-19 condition. There will be a continual focus on maintaining a tight control over operating costs, and appointment of the new Chief Executive Officer will be imminent to lead the business going forward.

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.

Information on directors

Name:	Stuart James McGregor
Title:	Independent Non-Executive Chairman (removed 29 November 2019)
Qualifications:	B.Com, LLB, MBA
Experience and expertise:	Over the last 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 (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Management Committee and the Nominations, Remunerations & Corporate Governance Committee
Interests in shares:	None
Interests in Options:	None

Name:	Norman Mel Ashton
Title:	Non-Executive Chairman (appointed 9 December 2019, resigned 2 September 2020)
Experience and expertise:	Mr Ashton is a listed company director with over 37 years' experience across the hospitality, property, banking and finance, and mining and resources sectors. A chartered accountant, Mr Ashton has senior leadership experience in restructuring and insolvency having worked with KPMG and as one of the Founding Partners of PPB.
Other current directorships:	Aurora Labs Ltd (ASX: A3D)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Management Committee
Interests in shares:	None
Interests in Options:	None

Name:	Joey Lim Keong Yew
Title:	Non-Executive Director (removed 18 July 2019)
Qualifications:	B. Computer Science
Experience and expertise:	Mr J Lim was the Managing Director and Chief Executive Officer of Donaco International Limited, from 1 February 2013 to 14 March 2019. 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 (last 3 years):	None
Special responsibilities:	None
Interests in shares:	37,653,572 ordinary shares
Interests in Options:	None

Information on directors (continued)

Name:	Benedict Paul Reichel
Title:	Executive Director, Group General Counsel, Company Secretary (resigned 29 November 2019)
Qualifications:	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 twenty 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 (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,276,415 ordinary shares
Interests in Options:	None

Name:	Benjamin Lim Keong Hoe
Title:	Non-Executive Director (removed 18 July 2019)
Qualifications:	B. International Business
Experience and expertise:	Mr B Lim was a director of Donaco Singapore Pte Ltd from 1 February 2013 to 18 July 2019, and is a major shareholder of Genting Development Sdn Bhd, a substantial property development business in Malaysia. He has a Bachelors Degree in International Business with Design Management from Regent Business School, United Kingdom.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Management Committee and the Nominations, Remuneration & Corporate Governance Committee.
Interests in shares:	20,000 ordinary shares
Interests in Options:	None

Name:	David John Green
Title:	Non-Executive Director (removed 29 November 2019)
Qualifications:	B.Com, LLB (Hons), LLM, MBA (Hons)
Experience and expertise:	Mr Green has extensive experience in the gaming industry, particularly in Asia, and specific experience in Cambodia and Vietnam. His experience spans both regulations and operations, as well as board positions, and he specialises in governance matters. Mr Green is both a qualified lawyer and qualified accountant and is a former partner and director of the Gaming Practice of PricewaterhouseCoopers (Macau) Limitada. He has worked with the Macau SAR Government in relation to the liberalisation and regulation of the casino industry, and also consulted the Royal Government of Cambodia on the drafting of the proposed Law on the Management of Integrated Resorts and Commercial Gaming.
Other current directorships:	None
Former directorships (last 3 years):	Silver Heritage Group Limited (ASX:SVH)
Special responsibilities:	Chair of the Audit & Risk Management Committee and the Nominations, Remuneration & Corporate Governance Committee
Interests in shares:	None
Interests in Options:	None

Name:	Yan Ho Leo Chan
Title:	Executive Director (effective 11 February 2020) (appointed Non-Executive Director 12 August 2019)
Experience and expertise:	Mr Chan is a representative from Argyle Street Management Limited (ASM), an institutional investor. ASM was founded in Hong Kong SAR in 2002 and currently manages approximately US$1.7 billion. Mr Chan is an Executive Director of ASM, and has more than 13 years' experience in making and managing investments throughout Asia. He holds a Bachelor of Economics and Finance from the University of Hong Kong.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in Options:	None

Information on directors (continued)

Name:	Kurkye Wong
Title:	Executive Director (effective 11 February 2020) (appointed Non-Executive Director 12 August 2019)
Experience and expertise:	Mr Wong is a representative from Argyle Street Management Limited (ASM), an institutional investor. ASM was founded in Hong Kong SAR in 2002 and currently manages approximately US$1.7 billion. Mr Wong is Vice President of ASM, and has previously worked at KPMG and FTI Consulting in Hong Kong. He holds a Bachelor of Business from the Queensland University of Technology, a Juris Doctor from the Chinese University of Hong Kong, and a Master's Degree in Financial Engineering from Stanford University.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in Options:	None

Name:	Yugo Kinoshita
Title:	Non-Executive Director (appointed 14 August 2019, removed 29 November 2019)
Experience and expertise:	Mr Kinoshita is the Global Chief Executive Officer of Aruze Gaming America, Inc, a global entertainment company that designs, develops, manufactures, distributes and services slot machines and other gaming devices for the world-wide casino market. Mr Kinoshita's professional experience includes senior marketing and advertising roles at Nike Japan and Dentsu Inc. in Tokyo. He holds a Masters of Business Administration from Babson College in Massachusetts, USA, and a Bachelor of Human Science from Waseda University in Tokyo, Japan.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in Options:	None

Name:	Roderick John Sutton
Title:	Non-Executive Director (appointed 29 November 2019)
Experience and expertise:	Mr Sutton has over 25 years' experience in business advisory and management. He is currently a Special Advisor to the Asia Pacific region of FTI Consulting, a professional services and consulting business listed on the New York Stock Exchange. Upon joining FTI Consulting in 2020, Rod was appointed as its Chairman of Asia Pacific. In that role he had oversight of all elements of the Asia Pacific business including FTI Consulting's numerous client-facing activities, regional and global strategy, vetting of acquisition opportunities, and management of all support functions.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit & Risk Management Committee (effective 19 December 2019 and re-appointed 2 September 2020)
Interests in shares:	None
Interests in Options:	None

Name:	Simon Vertullo
Title:	Non-Executive Director (appointed 9 December 2019, resigned 2 September 2020)
Experience and expertise:	Mr Vertullo is an experienced chartered accountant with broad financial, transactional and operational expertise, having worked extensively with listed and large privately-owned companies throughout Australia, Asia and the United Kingdom. He has experience in senior finance executive roles with a focus on managing performance, risk and turnarounds and has previously worked with the leading restructuring practices of KordaMentha and KPMG.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Management Committee
Interests in shares:	None
Interests in Options:	None

Information on directors (continued)

Name:	Lee Bug Huy (Techatut Sukcharoenkraisri)
Title:	Executive Director (appointed 3 August 2020)
Experience and expertise:	Mr Huy is Vice President at the Casino at Star Vegas Casino & Resorts Co, Ltd where he has been responsible for developing the model for the slot machine business. He has significant experience in gaming and casino management and has previously acted as an executive director of the Company (preivously appointed on 1 July 2015) Mr Huy holds a BSc majoring in Chemical Engineering.
Other current directorships:	
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer (effective 3 September 2020)
Interests in shares:	260,451,476 ordinary shares
Interests in Options:	None

Name:	Paul Porntat Amatavivadhana
Title:	Non-Executive Chairman (effective 3 September 2020) (appointed Non-Executive Director 3 August 2020)
Experience and expertise:	Mr Amatavivadhana is a founding principal and 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. Mr Amatavivadhana has also previously acted as non-executive director of the Company (previously appointed 1 July 2015). Mr Amatavivadhana holds a MSc in Management Science and a BA in Finance and Banking.
Other current directorships:	Sansiri Plc (BKK: SIRI)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	3,555,405 ordinary shares
Interests in Options:	None

Name:	Andrew Guy Phillips
Title:	Independent non-executive director (appointed 2 September 2020)
Experience and expertise:	Mr Phillips brings over 25 years' experience working in senior financial and commercial management positions with both publicly listed companies and multinationals based in Australia and New Zealand. He has a thorough knowledge of international finance and corporate services and has an extensive network of contacts throughout Asia and the Americas.
Other current directorships:	Lithium Power International Ltd (ASX: LPI) Southern Cross Exploration NL (ASX: SXX)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in Options:	None

Name:	Mr Issaraya Intrapaiboon
Title:	Non-executive director (appointed 2 September 2020)
Experience and expertise:	Mr Intrapaiboon has over 20 years' experience in engineering, operation, maintenance and planning within the water section. He is currently the Manager Treatment Plants for Unitywater, Australian provider of essential water supply and sewage treatment services, bringing in-depth capability in leading large teams and managing an operational budget of $20+ million.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in Options:	None

'Other current directorships' and 'Former directorships (last 3 years)' quoted above are directorships for listed entities only, and exclude directorships of all other types of entities, unless otherwise stated.

Company secretary

The company secretary is Ms Marika Jane White who was appointed on 12 February 2020. Ms White is the executive director of Emerson Corporate Services which offers a full range of compliance and company secretarial services to companies, funds and family offices.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

	Full board		Audit & Risk Management Committee		Nominations, Remuneration & Corporate Governance Committee	
	Attended	Held	Attended	Held	Attended	Held
Stuart James McGregor	6	6	2	2	1	1
Norman Mel Ashton	12	12	2	2	-	-
Benedict Paul Reichel	6	6	-	-	-	-
David John Green	6	6	2	2	1	1
Yan Yo Leo Chan	18	18	-	-	-	-
Kurkye Wong	18	18	-	-	-	-
Yugo Kinoshita	5	5	-	-	-	-
Roderick John Sutton	13	13	3	3	-	-
Simon Vertullo	12	12	2	2	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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

Executive Summary

Donaco uses a simple framework for executive remuneration, consisting of three elements:

1. Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits (if any)
2. Short-term incentives, which are paid in cash, but only if executives satisfy applicable key performance indicators ("KPIs")
3. Long-term incentives, under which executives may receive annual grants of restricted shares purchased on market, but only if applicable KPIs are satisfied. The shares vest over a three-year period.

For short-term incentives in FY20, the following KPIs applied:

1. Achievement of the budgeted earnings before interest, tax, depreciation and amortisation (EBITDA) target for the Donaco Group (30%)
2. Achievement of the budgeted revenue target for the Star Vegas property, in Thai Baht terms (25%)
3. Achievement of the budgeted revenue target for the Aristo property, in Chinese Renminbi terms (25%)
4. Achievement of a personal KPI relating to the executive's individual areas of responsibility (20%)

The first three KPIs were not satisfied. Two executives did satisfy or partially satisfy their personal KPI, and thus are entitled to be paid up to 20% of their potential incentive. Accordingly, two executives forfeited 80% to 90%, and the others forfeited 100%, of their potential incentive.

For long-term incentives in FY20, the following KPI was required to be satisfied:

1. Achievement of the budgeted earnings before interest, tax, depreciation and amortisation (EBITDA) target for the Donaco Group

This KPI was not satisfied, and accordingly no long-term incentives were awarded.

Shareholders should note that share price movements per se are not an applicable KPI. Share prices are affected by many factors beyond the control of management. However all of the applicable KPIs should, if achieved, have a positive impact on Donaco's performance, which would normally be reflected in the share price, subject to any external factors. Accordingly, the remuneration framework focuses executives on matters that they can control, which are expected to provide benefits to shareholders through a higher share price.

In addition, the award of restricted shares under the long term incentive plan aligns the interests of executives with shareholders. Executives benefit directly if the share price increases, and also suffer directly if the share prices decreases.

Remuneration report (audited) (continued)

Principles used to determine the nature and amount of remuneration

Introduction

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 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.

Board Oversight

The Board has an established Nominations, Remuneration and Corporate Governance Committee (the “Remuneration Committee”). 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.

Due to recent changes in the composition of the Board, all matters in respect of nomination and remuneration are currently being addressed at the Board level.

Remuneration Framework

In consultation with external remuneration consultants when necessary (refer to the section 'Use of Remuneration Consultants' below), the Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity. The framework is designed to satisfy the following key criteria for good reward governance practices:

- aligned to shareholders’ interests
- competitiveness and reasonableness
- performance linkage/alignment of executive compensation
- transparency

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

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.

Remuneration report (audited) (continued)

Principles used to determine the nature and amount of remuneration (continued)

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 Remuneration Committee. The Remuneration 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 or shares.

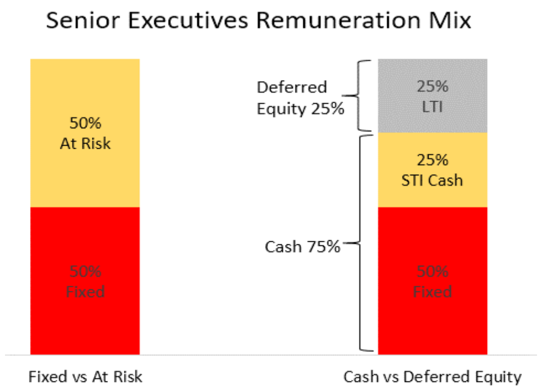
ASX Listing Rules require that the aggregate of non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the 2013 Annual General Meeting, where the shareholders approved a maximum aggregate remuneration of $750,000, including statutory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

The executive remuneration and reward framework has three components:
- fixed remuneration, consisting of base salary and non-monetary benefits, together with other statutory forms of remuneration such as superannuation and long service leave
- short-term incentives, paid in cash
- long term incentives, currently consisting of restricted shares purchased on market

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



Fixed remuneration

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits (if any), 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.

Fixed remuneration is reviewed annually by the Remuneration 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 objective of the fixed remuneration component is to attract and retain high quality executives, and to recognise market relativities and statutory requirements.

Short term incentives

The short term incentive (STI) framework provides senior executives with the opportunity to earn an annual cash bonus, up to a maximum amount of 50% of base salary. Clear key performance indicators (KPIs) have been established by the Remuneration Committee. Achievement of these KPIs gives the executive an opportunity to earn a fixed percentage of their maximum STI, subject to final review and approval by the Board.

Remuneration report (audited) (continued)

Principles used to determine the nature and amount of remuneration (continued)

For FY20, the KPIs applied and the applicable percentage of STI were:

1. Achievement of the budgeted earnings before interest, tax, depreciation and amortisation (EBITDA) target for the Donaco Group. The applicable EBITDA target was AUD64.3m. (This KPI is worth 30% of the potential incentive)
2. Achievement of the budgeted revenue target for the Star Vegas property, in Thai Baht terms. The applicable revenue target was THB1.65 billion. (25%)
3. Achievement of the budgeted revenue target for the Aristo property, in Chinese Renminbi terms. The applicable revenue target was RMB136.9 million. (25%)
4. Achievement of a personal KPI relating to the executive's individual areas of responsibility. (20%)

The objective of these KPIs is clearly designed to focus on financial criteria, including top line revenue growth, while maintaining a focus on disciplined cost control, as expressed through the EBITDA target for the Group. In addition, executives also maintained a focus on key non-financial criteria, relating to the personal KPI applicable to the individual executive's area of responsibility.

During FY20, the first three KPIs were not satisfied. Two executives did satisfy or partially satisfy their personal KPI, and thus are entitled to be paid up to 20% of their potential incentive. Accordingly, two executives forfeited 80% to 90%, and the others forfeited 100%, of their potential incentive.

Long term incentives

The long-term incentive ('LTI') program currently consists of restricted shares purchased on market. This plan was adopted in FY17 to replace the former option plan, which was thought to be excessively complex, and could potentially result in significant dilution of shareholders.

The objective of the LTI component is to focus on sustainable shareholder value creation, as expressed through share price growth.

Under the LTI plan, the Board has actively sought to align senior executive remuneration with shareholder interests. Shares are purchased on market and held in an employee share trust (the Trust). The shares will vest to the employees 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 the 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 is a maximum of A$1,000,000. The number of shares to be purchased each year will depend on the share price at the time that purchases take place.

The scheme is 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.

LTI awards are made on an annual basis, subject to achievement of applicable KPIs. This ensures that at any given time, the executives have at risk a number of LTI awards, with different vesting periods and amounts. This helps to smooth out both the risk and the cash flow for the Company and for executives.

The LTI scheme allows for an award of a maximum of 50% of base salary in the form of restricted shares, subject to achievement of applicable KPIs which are set annually. For FY18, the applicable KPI related to the achievement of the budgeted EBITDA target for the Group.

During FY20 and FY19, the Trust did not purchase any shares on market. The applicable KPI was not satisfied in both years, and accordingly no awards of shares were made.

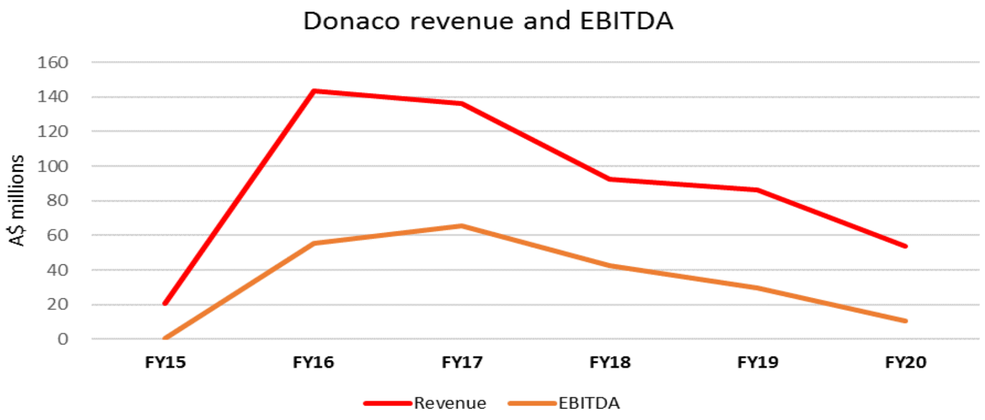
Relationship between remuneration policy and company performance

As detailed above, Donaco's remuneration policy is directly linked to company performance, particularly in relation to top-line revenue growth and cost control, to ultimately create long-term shareholder value. STI and LTI awards are dependent on defined KPIs being met, which are primarily financial in nature, and are at the discretion of the Remuneration Committee.

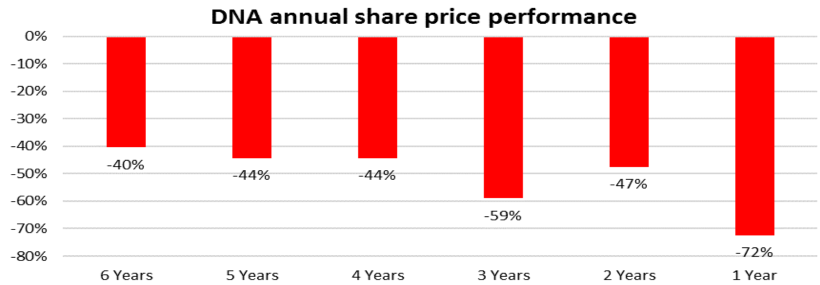
Remuneration report (audited) (continued)

Principles used to determine the nature and amount of remuneration (continued)

Over the six-year period since FY15, Revenue and EBITDA have increased at an average annual growth rate of 21.25% and 79.94% respectively, driven by Star Vegas becoming part of the Group at the beginning of FY16.



Donaco's share price has been declining in recent years, reflecting lower earnings brought on by the Star Vegas vendor's breaches of the non-compete agreement, and market concerns over the resulting legal disputes, and in FY20 as a result of the COVID-19 pandemic.



The Nominations, Remuneration and Corporate Governance Committee considers that the remuneration framework has an appropriate mix of fixed and performance based remuneration. Since performance during FY20 did not meet expectations, executives forfeited all or the majority of their short term incentive, and also forfeited all of their long term incentive.

The Committee also considers that the remuneration framework in place will assist to increase shareholder wealth if maintained over the coming years, subject to any adjustments that are necessary or desirable to reflect the Company's circumstances.

Use of remuneration consultants
There were no remuneration consultants engaged during the financial years ended 30 June 2020 and 30 June 2019.

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 (removed 29 November 2019)
- Norman Mel Ashton - Non-Executive Chairman (appointed 9 December 2019, resigned 2 September 2020)
- Joey Lim Keong Yew - Non-Executive Director (removed 18 July 2019)
- Benedict Paul Reichel - Executive Director, General Counsel and Company Secretary (resigned 29 November 2019)
- Benjamin Lim Keong Hoe - Non-Executive Director (removed 18 July 2019)
- David John Green - Non-Executive Director (removed 29 November 2019)
- Yan Ho Leo Chan - Executive Director (effective 11 February 2020) (appointed Non-Executive Director 12 August 2019)
- Kurkye Wong - Executive Director (effective 11 February 2020) (appointed Non-Executive Director 12 August 2019)
- Yugo Kinoshita - Non-Executive Director (appointed 14 August 2019, removed 29 November 2019)
- Roderick John Sutton - Non-Executive Director (appointed 29 November 2019)
- Simon Vertullo - Non-Executive Director (appointed 9 December 2019, resigned 2 September 2020)

And the following persons:

- Paul Arbuckle - Chief Executive Officer (terminated 4 August 2020)
- Chong Kwong Yang - Chief Financial Officer (resigned 30 December 2019)
- Gordon Lo - Chief Financial Officer (appointed 1 January 2020)

Remuneration report (audited) (continued)

2020	Short-term benefits			Post employment benefits	Long-term benefits	Share-based payments[1]	
	Cash salary and fees	Termination payment	Bonus	Super	Leave entitlements	Equity-settled	Total
	$	$	$	$	$	$	$
Non-Executive Directors:							
Stuart McGregor	86,758	-	-	8,242	-	-	95,000
Norman Ashton	67,097	-	-	-	-	-	67,097
Lim Keong Hoe	6,314	-	-	-	-	-	6,314
Yugo Kinoshita	35,398	-	-	-	-	-	35,398
Roderick Sutton	70,057	-	-	-	-	-	70,057
Simon Vertullo	71,670	-	-	-	-	-	71,670
David Green	73,059	-	-	6,941	-	-	80,000
Executive Directors:							
Lim Keong Yew	5,243	-	-	-	-	11,115	16,358
Benedict Reichel	200,047	527,879	33,270	16,667	-	62,394	840,257
Kurkye Wong	126,313	-	-	-	-	-	126,313
Yan Ho Leo Chan	126,313	-	-	-	-	-	126,313
Other Key Management Personnel:							
Paul Arbuckle	413,608	-	-	21,003	-	-	434,611
Chong Kwong Yang	162,333	208,776	13,750	17,751	-	4,250	406,860
Gordon Lo	184,153	-	-	1,728	-	-	185,881
	1,628,363	736,655	47,020	72,332	-	77,759	2,562,129

[1]These amounts relate to shares acquired by an employee share trust which will vest to employees over the vesting period of three years. These shares were either forfeited or subject to accelerated vesting during the year. None remains unvested as at 30 June 2020.

The bonuses set out above were paid during FY20, but relate to performance during FY19. The KPIs applicable were set out in the FY19 annual report.

No bonus amounts were accrued to directors and key management personnel in FY20 for performance during FY20.

2019	Short-term benefits		Post employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Bonus	Super	Leave entitlements	Equity-settled	Total
	$	$	$	$	$	$
Non-Executive Directors:						
Stuart McGregor	162,734	-	15,460	-	-	178,194
Lim Keong Hoe	233,086	-	-	-	-	233,086
Robert Hines	68,650	-	6,522	-	-	75,172
David Green	20,282	-	1,927	-	-	22,209
Executive Directors:						
Lim Keong Yew	325,007	-	-	-	86,563	411,570
Benedict Reichel	332,700	33,270	25,000	-	62,054	453,024
Other Key Management Personnel:						
Paul Arbuckle	18,950	-	-	-	-	18,950
Chong Kwong Yang	252,000	25,200	23,940	-	47,002	348,142
	1,413,409	58,470	72,849	-	195,619	1,740,347

Remuneration report (audited) (continued)

Details of remuneration (continued)

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Non-Executive Directors:						
Stuart McGregor	100%	100%	0%	0%	0%	0%
Lim Keong Hoe	100%	100%	0%	0%	0%	0%
Norman Ashton	100%	n/a	0%	n/a	0%	n/a
Yugo Kinoshita	100%	n/a	0%	n/a	0%	n/a
Roderick Sutton	100%	n/a	0%	n/a	0%	n/a
Simon Vertullo	100%	n/a	0%	n/a	0%	n/a
David Green	100%	100%	0%	0%	0%	0%
Executive Directors:						
Lim Keong Yew	32%	79%	0%	0%	68%	21%
Benedict Reichel	89%	79%	4%	7%	7%	14%
Kurkye Wong	100%	n/a	0%	n/a	0%	n/a
Yan Ho Leo Chan	100%	n/a	0%	n/a	0%	n/a
Other Key Management Personnel:						
Paul Arbuckle	100%	100%	0%	0%	0%	0%
Chong Kwong Yang	96%	79%	3%	7%	1%	14%
Gordon Lo	100%	n/a	0%	n/a	0%	n/a

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

	Cash bonus paid/payable		Cash bonus forfeited	
Name	**2020**	**2019**	**2020**	**2019**
Executive Directors:				
Benedict Reichel	20%	20%	80%	80%
Other Key Management Personnel:				
Chong Kwong Yang	20%	20%	80%	80%
Gordon Lo	n/a	n/a	n/a	n/a
Paul Arbuckle	n/a	n/a	n/a	n/a

In relation to performance during FY20, the proportions of the cash bonus paid/payable or forfeited are as follows:

	Cash bonus paid/payable	Cash bonus forfeited
Name	**2021**	**2021**
Executive Directors:		
Benedict Reichel	0%	100%
Other Key Management Personnel:		
Chong Kwong Yang	0%	100%
Gordon Lo	0%	100%
Paul Arbuckle	0%	100%

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 and Corporate Governance Committee, applied these criteria in determining the award of performance-based remuneration during the year.

Performance-based bonuses were paid in October 2019. $47,020 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.

For performance during FY20, 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, and a personal KPI for each executive.

Remuneration report (audited) (continued)

Details of remuneration (continued)

There were no share options granted or forfeited during the year (2019: nil).

The number of the shares granted or forfeited is as follows:

	Shares granted		Shares forfeited	
Name	**2020**	**2019**	**2020**	**2019**
Executive Directors:				
Lim Keong Yew (removed 18 July 2019)	-	-	261,624	-
Other Key Management Personnel:				
Goh Kwey Biaw (retired 31 March 2018)	-	-	-	300,320
Chong Kwong Yang (resigned 30 December 2019)	-	-	100,024	-

Service Agreements

Remuneration and other terms of employment for the Chief Executive Officer, 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 six months' notice or paying six months' salary. In the case of Mr Ben Reichel, a termination benefit of twelve months' salary is payable, in accordance with the Corporations Act 2001 (Cth).

Share-based compensation

Shares

There were no shares granted as part of compensation during the year ended 30 June 2020.

Options

There were no options issued as part of compensation during the year ended 30 June 2020.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2020.

Remuneration report (audited) (continued)

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 changes during the year	Balance at the end of the year
Stuart McGregor[1]	496,735	-	-	(496,735)	-
Lim Keong Yew[1]	165,519,375	-	(29,500,070)	(136,019,305)	-
Benedict Reichel[1]	1,106,924	-	169,491	(1,276,415)	-
Lim Keong Hoe[1]	98,385,803	-	(70)	(98,385,733)	-
David Green[1]	71,000	-	-	(71,000)	-
Paul Arbuckle	-	-	166,667	-	166,667
Chong Kwong Yang[1]	297,000	-	-	(297,000)	-
Yan Ho Leo Chan	-	-	-	-	-
Kurkye Wong	-	-	-	-	-
Yugo Kinoshita[1]	-	-	-	-	-
Roderick Sutton	-	-	-	-	-
Simon Vertullo	-	-	-	-	-
Norman Ashton	-	-	-	-	-
Gordon Lo	-	-	-	-	-

[1]No longer member of key management personnel as at 30 June 2020.

Option holding

There were no options over ordinary shares in the company held during the financial year.

Transactions with related parties and key management personnel

The following transactions occurred with related parties during 2020:

	Consolidated	
	2020	**2019**
	$	**$**
Rental received from /(paid to) Arte Mobile Technology Pte Ltd (subsidiary of Isentric Limited)	7,448	(13,974)

The above transactions occurred at commercial rates.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Donaco International Limited under option at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Donaco International Limited issued, during the year ended 30 June 2020 and up to the date of this report, on the exercise of options granted (2019: nil).

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 30 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 30 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.

Auditor

Crowe Sydney continues in office in accordance with section 327 of the *Corporations Act 2001* .

Officers of the company who are former partners of Crowe Sydney

There are no officers of the company who are former partners of Crowe Sydney.

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 298 (2) (1) of the *Corporation Act 2001* .

On behalf of the directors

Mr Porntat Amatavivadhana
Non-Executive Chairman

30 October 2020
Sydney

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30 October 2020

The Board of Directors
Level 18
420 George Street
Sydney NSW 2000
Australia

Dear Board Members

Donaco International Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Donaco International Limited.

As lead audit partner for the audit of the financial report of Donaco International Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Crowe Sydney

Crowe Sydney

Suwarti Asmono
Partner

DONACO INTERNATIONAL LIMITED
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	Consolidated 2020 $	Consolidated 2019 Restated $
Revenue from continuing operations	**4**	53,485,035	86,263,580
Total income		53,485,035	86,263,580
Expenses			
Food and beverages		(3,439,366)	(4,704,645)
Employee benefits expense		(21,497,734)	(24,375,795)
Depreciation and amortisation expense	**5**	(10,220,516)	(10,127,357)
Impairment expense	**5**	(50,512,420)	(204,106,259)
Legal and compliance		(3,081,011)	(3,442,915)
Marketing and promotions		(3,989,770)	(5,465,129)
Professional & consultants		(1,751,603)	(1,016,974)
Property costs		(5,547,611)	(5,703,812)
Telecommunications and hosting		(376,710)	(343,163)
Gaming costs		(1,510,817)	(2,094,285)
Other expenses		(3,951,634)	(12,548,253)
Finance costs		(3,993,946)	(6,517,906)
Total expenses		(109,873,138)	(280,446,493)
Loss before income tax expense from continuing operations		(56,388,103)	(194,182,913)
Income tax expense	**6**	(2,485,516)	(3,611,734)
Loss after income tax expense for the year		(58,873,619)	(197,794,647)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		5,210,790	19,368,661
Other comprehensive loss for the year, net of tax		5,210,790	19,368,661
Total comprehensive loss for the year		(53,662,829)	(178,425,986)
Loss for the year is attributable to:			
Non-controlling interest		11,815	219,956
Owners of Donaco International Limited		(58,885,434)	(198,014,603)
		(58,873,619)	(197,794,647)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		11,815	219,956
Owners of Donaco International Limited		(53,674,644)	(178,645,942)
		(53,662,829)	(178,425,986)
Loss per share for loss attributable to the owners of Donaco International Limited		**Cents**	**Cents**
Basic loss per share	**37**	(7.15)	(24.04)
Diluted loss per share	**37**	(7.15)	(24.04)

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 2020

	Note	Consolidated 2020	Consolidated 2019 Restated
		$	$
Assets			
Current assets			
Cash and cash equivalents	**7**	12,630,359	26,568,268
Trade and other receivables	**8**	1,280,432	2,777,446
Inventories	**9**	670,810	1,149,324
Prepaid construction costs	**10**	4,366	38,800
Other current assets	**11**	545,350	1,005,918
Total current assets		15,131,317	31,539,756
Non-current assets			
Property, plant and equipment	**12**	165,809,709	167,960,128
Intangibles (including licences)	**13**	29,941,540	77,572,736
Construction in progress	**14**	495,712	505,527
Deferred tax assets		15,163	-
Other non-current assets	**15**	4,288	2,147
Total non-current assets		196,266,412	246,040,538
Total assets		211,397,729	277,580,294
Liabilities			
Current liabilities			
Trade and other payables	**16**	42,079,915	47,401,964
Borrowings	**17**	27,325,224	16,563,907
Income tax payable	**18**	154,296	1,764,696
Employee benefits	**19**	196,371	690,488
Total current liabilities		69,755,806	66,421,055
Non-current liabilities			
Trade and other payables	**20**	2,801,338	123,760
Borrowings	**21**	907,064	19,379,454
Employee benefits	**22**	-	55,594
Total non-current liabilities		3,708,402	19,558,808
Total liabilities		73,464,208	85,979,863
Net assets		137,933,521	191,600,431
Equity			
Issued capital	**24**	358,372,299	358,656,945
Reserves	**25**	47,679,518	42,188,163
Accumulated losses	**26**	(270,150,057)	(211,264,623)
Equity attributable to the owners of Donaco International Limited		135,901,760	189,580,485
Non-controlling interest		2,031,761	2,019,946
Total equity		137,933,521	191,600,431

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 2020

Consolidated	Note	Issued capital $	Reserves $	Accumulated losses Restated $	Non-controlling interest $	Total equity Restated $
Balance at 1 July 2018		358,656,945	22,540,464	(13,250,020)	1,799,990	369,747,379
Loss after income tax expense for the year		-	-	(198,014,603)	219,956	(197,794,647)
Other comprehensive income for the year, net of tax		-	19,368,661	-	-	19,368,661
Total comprehensive loss for the year		-	19,368,661	(198,014,603)	219,956	(178,425,986)
Transactions with owners in their capacity as owners:						
Share-based payments		-	279,038	-	-	279,038
Balance at 30 June 2019		358,656,945	42,188,163	(211,264,623)	2,019,946	191,600,431
Balance at 1 July 2019		358,656,945	42,188,163	(211,264,623)	2,019,946	191,600,431
Loss after income tax expense for the year		-	-	(58,885,434)	11,815	(58,873,619)
Other comprehensive income for the year, net of tax		-	5,210,790	-	-	5,210,790
Total comprehensive loss for the year		-	5,210,790	(58,885,434)	11,815	(53,662,829)
Transactions with owners in their capacity as owners:						
Shares forfeited	**24, 25**	(284,646)	284,646	-	-	-
Share-based payments	**25**	-	(4,081)	-	-	(4,081)
Balance at 30 June 2020		358,372,299	47,679,518	(270,150,057)	2,031,761	137,933,521

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 2020

	Note	Consolidated 2020 $	2019 Restated $
Cash flow from operating activities			
Receipts from customers		58,161,494	91,107,609
Payments to suppliers and employees		(47,990,245)	(49,644,963)
		10,171,249	41,462,646
Interest received		27,332	79,946
Lease interest paid		(248,251)	-
Interest and other finance costs paid		(2,755,002)	(5,728,909)
Government levies, gaming taxes and GST		(10,407,250)	(10,166,853)
Net cash flows from operating activities	**36(a)**	(3,211,922)	25,646,830
Cash flow from investing activities			
Payments for property, plant and equipment		(1,079,402)	(5,649,675)
Proceeds from disposal of property, plant and equipment		52,564	-
Net cash flows from investing activities		(1,026,838)	(5,649,675)
Cash flow from financing activities			
Repayment of borrowings	**36(b)**	(9,654,712)	(39,749,023)
Payments for principal elements of lease		(45,521)	-
Net cash flows from financing activities		(9,700,233)	(39,749,023)
Net decrease in cash and cash equivalents		(13,938,993)	(19,751,868)
Cash and cash equivalents, beginning of the financial year		26,568,268	47,075,589
Effects of exchange rate changes on cash and cash equivalents		1,084	(755,453)
Cash and cash equivalents at the end of the financial year	**7**	12,630,359	26,568,268

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.

Going concern
At 30 June 2020, the consolidated entity recorded net current liabilities of A$54.6 million. The consolidated entity recorded a net loss after tax of A$8.4 million before impairment (net loss after tax of A$58.9 million after impairment charge of A$50.5 million), and net operating cash outflows of A$3.2 million for the year ended on that date.

The net current liabilities primarily arise due to the inclusion of a management fee of A$23 million (as at 30 June 2020 spot rate) claimed by the vendor of the Star Vegas business, as well as the A$25 million (as at 30 June 2020 spot rate) loan from Mega Bank that is due for repayment by 28 June 2021. As of 2 March 2020, the consolidated entity and the vendor have reached settlement agreements over all litigation matters (see note 39). Pursuant to the settlement agreements, US$18 million (AU$26.2 million at 30 June 2020 spot rate) is payable by the consolidated entity in respect of unpaid management fees plus interest. As part of the settlement agreements, Donaco is entitled to receive US$38 million (AU$55.4 million at 30 June 2020 spot rate) to remove the non-competition and non-solicitation clauses previously agreed in the Share Sale Agreement over the Star Vegas business. Donaco will also be required to pay any outstanding rent and an additional lease payment of US$20 million (AU$29.2 million at 30 June 2020 spot rate) to the Landlord. Under the terms of the settlement agreements the US$18 million (AU$26.2 million at 30 June 2020 spot rate) of unpaid management fees will partially offset the US$38 million receivable (AU$55.4 million at 30 June 2020 spot rate). The net amount receivable of US$20 million (AU$29.2 million at 30 June 2020 spot rate) will be used to offset the additional lease payment due of the same amount. No net cash flow will therefore arise from the settlement. As part of its loan facility agreement with Mega Bank, Donaco is required to obtain consent from Mega Bank to fulfil parts of the settlement agreements. All settlement parties have agreed to defer the settlement payments and additional lease payment whilst awaiting Mega Bank's consent which has not been provided to date.

In light of the impact to the consolidated entity as result of the COVID-19 global pandemic, Mega Bank has agreed to defer the US$5 million (AU$7.3 million as at 30 June 2020 spot rate) principal repayment that was due in June 2020 under the loan facility agreement to December 2020. Mega Bank has also granted a waiver on all June 2020 covenants under the loan facility agreement until 31 December 2020, including the requirements to hold minimum cash and cash equivalents as well as to meet interest cover ratio and debt to EBITDA. As of the date of this report, the consolidated entity has successfully completed an entitlement offer that has raised approximately A$14.4 million. Under the agreement reached with Mega Bank, the proceeds of this capital injection will be used to settle the deferred principal repayment. There remains a funding shortfall between the capital raised of A$14.4 million and the loan balance of A$25 million (as at 30 June 2020 spot rate) that is due for repayment by June 2021. Donaco will need to raise additional capital or debt in order to meet working capital requirements as well as the loan covenants under the Mega Bank loan facility by 31 December 2020. It is not certain that Mega Bank will agree to further deferral of repayments and/or waiver of the covenants under the loan facility agreement. Failure to raise capital could have a material adverse effect on Donaco's activities and financial position.

While there has been a tentative resumption of casino operations since the Vietnamese and Cambodian governments lifted temporary closure orders in May and July 2020 respectively, patronage numbers at these casinos are still expected to remain low as international borders with Vietnam and Cambodia remain closed and the majority of the visitors to these casinos are foreign patrons. It is therefore uncertain as to when these businesses may be fully operational given the current COVID-19 environment. It is expected that there will be a direct impact on the profitability of these casinos, however the extent of this effect is unknown. The Board of Directors acknowledges that there is significant uncertainty over Donaco's ability to meet its working capital requirements and the loan covenants under the Mega Bank loan facility. In the event that Donaco is unable to negotiate a deferral of repayments and/or waiver of the covenants under the loan agreement with Mega Bank and/or there is an extended period before the resumption of normal casino operations, then this could have a material impact on the consolidated entity continuing as a going concern.

New, revised or amending Accounting Standards and Interpretations adopted
The following standard became applicable for the current reporting period and the consolidated entity had to change its accounting policies as a result of adoption:

AASB 16 *Leases*

AASB 16 Leases primarily affects the accounting by lessees and results 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 virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The consolidated entity has applied AASB 16 for the first time in the current period using the simplified transition approach. Under this approach, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. No restatement of comparative information was therefore required to be made.

On adoption of AASB 16, the consolidated entity recognised right-of-use assets and lease liabilities relating to the commercial property leases in Cambodia and Vietnam, which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases* . Under the modified transition approach, the right-of-use assets were recognised based on the amount equal to the lease liabilities. No adjustment is therefore required to retained earnings. The lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at the date of initial application (see note 23). The incremental borrowing rates used for determination of the remaining lease payments were 6.53% and 9.5% for Cambodia and Vietnam respectively.

In applying AASB 16 for the first time, the consolidated entity has used the following practical expedients permitted by the standard:

· accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases; and
· accounting for operating leases for which the underlying asset has a limited value as at 1 July 2019 as short-term leases.

Note 1. Significant accounting policies (continued)

New, revised or amending Accounting Standards and Interpretations adopted (continued)

AASB 16 *Leases* (continued)

Measurement of lease liability

	2020 $
Operating lease commitments disclosed as at 30 June 2019 (note 31)	9,028,273
Discounted using the lessees' incremental borrowing rates as of the date of initial application	3,284,846
Lease liability recognised as at 1 July 2019	3,284,846
Of which are:	
Current	44,668
Non-current	3,240,178
	3,284,846

Interpretation 23 *Uncertainty over income tax treatments*

Interpretation 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.

This amendment did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

The consolidated entity also elected to early adopt the following standard:

AASB 2020-4 *Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions*

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. The AASB has issued AASB 2020-4 as a result of the issuance of amendments to IFRS 16 *Leases* by the IASB in June 2020. This standard amends AASB 16 Leases to provide a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. This standard applies to annual periods beginning on or after 1 June 2020, however is available for early adoption.

The consolidated entity has elected to early adopt AASB 2020-4. The consolidated entity has applied such practical expedient to all of its COVID-19-related rent concessions. Total COVID-19-related rent concessions of US$4,000 (AU$5,828 converted at the spot rate) have been recognised in the consolidated statement of profit and loss and other comprehensive income.

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 2020. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement 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 33.

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 2020 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.

Note 1. Significant accounting policies (continued)

Principles of consolidation (continued)

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. 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.

DNA Star Vegas Co Ltd, a subsidiary within the Group, has casino and hotel operations in Cambodia. Its functional currency is Thai Baht.

Donaco Singapore Pte Ltd has an interest in the Lao Cai International Hotel Joint Venture Company which operates a casino and hotel in Vietnam. The functional currency of the Joint Venture Company is Vietnamese Dong.

The subsidiaries of Donaco that operate in the aforementioned foreign countries are consolidated into the Hong Kong group (Star Vegas Group) and the Singapore Group (Aristo Group). At this level, the presentation currency is US Dollar.

Subsequently, these consolidated groups are consolidated with the Australian operations and converted to Australian dollars.

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.

Goodwill, casino licence and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operations and translated at the closing rate.

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 control of the good or service is transferred to the customer, and only to the extent that it is highly probable that a significant reversal will not occur. 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 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.

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 provided to the customer.

Complimentary goods or services

For gaming transactions that include complimentary goods or services being provided to customers, the consolidated entity allocates revenue from the gaming transaction to the good or service provided based on the standalone selling price which is the arm's length price for that good or service available to the public.

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.

Government grants and incentives
Government grants and incentives are recognised at their fair value where there is reasonable assurance that the grants and incentives will be received and the consolidated entity will comply with all the attached conditions.

Note 1. Significant accounting policies (continued)

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.

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, 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 allowance for expected credit losses. 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 uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The amount of impairment loss is determined using the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. The expected loss rates used in measuring the expected credit losses are based on historical loss rates, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. These factors include significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired.

The amount of the impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent year, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the consolidated statement of comprehensive income.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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 realizable value and all losses of inventories are recognised as an expense in the period of 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.

Note 1. Significant accounting policies (continued)

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	25-50 years
Leasehold improvements	2-5 years
Machinery and equipment	5-15 years
Motor vehicles	5-6 years
Office equipment and other	3-8 years
Furniture and fittings	3-8 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

As stated in '*New, revised or amending Accounting Standards and Interpretations adopted*', the consolidated entity has changed its accounting policy for leases.

Until 30 June 2019, leases in which a significant portion of the risks and rewards of ownership were not transferred to the consolidated entity as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the consolidated statement of comprehensive income on a straight-line basis over the year of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the lease asset is available for use by the consolidated entity. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, less any lease incentives receivable.

The lease payments are discounted using the consolidated entity's incremental borrowing rates.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

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 licencing 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 licencing 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 consider casino licenses 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 it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on casino licenses 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.

Note 1. Significant accounting policies (continued)

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.

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 are measured at fair value on grant date. Fair value is independently determined using an amended Black-Scholes Merton 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 are 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, it is treated as if it has 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 is treated as if they were a modification.

Note 1. Significant accounting policies (continued)

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 consist 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).

The directors consider that the carrying amount of all 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.

Where the consolidated entity purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Donaco International Limited as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Donaco International Limited.

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.

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.

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 gross of GST and similar taxes. 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.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, 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 judgements and estimates will seldom equal the related actual results. The judgements, 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 Merton 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.

The casino licence is stated at cost less impairment losses, if any. The licence issued by the royal government of Cambodia is renewable annually and deemed to be with indefinite useful life, and therefore should not be amortised. Its useful life is reviewed at each reporting period to determine whether events and circumstances continue to exist to support indefinite useful life assessment. Impairment testing by comparing its recoverable amount with its carrying amount is performed annually. In the event that the expected future economic benefits are no longer probable of being recovered, the licences are written down to their recoverable amount.

Goodwill and other indefinite life intangible assets

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 the higher of value-in-use calculations and fair value less costs of disposal. 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 judgement 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.

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.

Allowance for expected credit losses

The consolidated entity reviews the collectability of trade receivables on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance for expected credit losses 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. The amount of expected credit loss is determined using the simplified approach which uses a lifetime expected loss allowance. The expected loss rates used in measuring the expected credit losses are based on historical loss rates, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. These factors include significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are 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.

Estimating incremental borrowing rate for leases

The incremental borrowing rate is used to measure lease liabilities, if the consolidated entity is unable to readily determine the interest rate implicit in the lease. The incremental borrowing rate is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the lessee would have had to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

Lease term

As part of the settlement agreements, an amended perpetual lease agreement has been executed as of 2 March 2020 in relation to the DNA Star Vegas lease of the land in Poi Pet, Cambodia (see note 23). This amended lease agreement grants Donaco security of tenure over the Star Vegas casino until 15 June 2115. However as the settlement agreements require consent from Mega Bank which have yet to be provided, the consolidated entity has determined that the the lease liability was to be calculated as at 30 June 2020 over the remaining 45 years of the original lease.

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 six countries: Australia, Cambodia, Vietnam, Singapore, Malaysia and Hong Kong. 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 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 operations

Consolidated - 2020	Casino Operations Vietnam $	Casino Operations Cambodia $	Corporate Operations $	Total $
Revenue				
Sales to external customers	13,712,137	39,707,837	-	53,419,974
Government grants and incentives	-	-	37,818	37,818
Interest	15,495	-	11,748	27,243
Total revenue	13,727,632	39,707,837	49,566	53,485,035
EBITDA	4,857,953	11,014,690	(5,492,608)	10,380,035
Depreciation and amortisation	(3,760,731)	(6,419,583)	(40,202)	(10,220,516)
Impairment of assets	-	(50,512,420)	-	(50,512,420)
Interest revenue	15,495	-	11,748	27,243
Non-recurring items	-	-	(1,991,054)	(1,991,054)
Net exchange losses	(159,250)	-	81,805	(77,445)
Non-controlling interest	(11,815)	-	-	(11,815)
Finance costs	(611,703)	(186,666)	(3,195,577)	(3,993,946)
Profit / (loss) before income tax expense	329,949	(46,103,979)	(10,625,888)	(56,399,918)
Income tax expense				(2,485,516)
Loss after income tax expense attributable to the owners of Donaco International Limited				(58,885,434)
Assets				
Segment assets	75,602,754	131,001,733	4,793,242	211,397,729
Total assets				211,397,729
Liabilities				
Segment liabilities	9,050,088	34,861,363	29,552,757	73,464,208
Total liabilities				73,464,208

Note 3. Operating segments (continued)

Consolidated - 2019	Casino Operations Vietnam Restated $	Casino Operations Cambodia $	Corporate Operations $	Total Restated $
Revenue				
Sales to external customers	21,509,789	64,674,383	56	86,184,228
Interest	48,475	-	30,877	79,352
Total revenue	21,558,264	64,674,383	30,933	86,263,580
EBITDA	10,846,782	26,414,045	(7,703,194)	29,557,633
Depreciation and amortisation	(4,488,371)	(5,553,091)	(85,895)	(10,127,357)
Impairment of assets	(4,021,910)	(200,084,349)	-	(204,106,259)
Interest revenue	48,475	-	30,877	79,352
Non-recurring items	-	-	(2,509,106)	(2,509,106)
Net exchange losses	(508,705)	-	(50,565)	(559,270)
Non-controlling interest	(219,956)	-	-	(219,956)
Finance costs	(890,933)	-	(5,626,973)	(6,517,906)
Profit/(loss) before income tax expense	765,382	(179,223,395)	(15,944,856)	(194,402,869)
Income tax expense				(3,611,734)
Loss after income tax expense attributable to the owners of Donaco International Limited				(198,014,603)
Assets				
Segment assets	83,092,896	187,064,234	7,423,164	277,580,294
Total assets				277,580,294
Liabilities				
Segment liabilities	18,147,888	11,786,631	56,045,344	85,979,863
Total liabilities				85,979,863
Total liabilities				

Geographical information

	Sales to external customers		Geographical non-current assets	
	2020 $	2019 $	2020 $	2019 $
Australia	-	56	2,432,487	2,651,283
Vietnam	13,712,137	21,509,789	67,952,564	69,241,051
Cambodia	39,707,837	64,674,383	125,881,361	174,148,204
	53,419,974	86,184,228	196,266,412	246,040,538

Major customers

There was no single external customer that contributed 10% or more of the consolidated entity's revenue during the current and previous financial years.

Note 4. Revenue

	Consolidated 2020 $	Consolidated 2019 $
From continuing operations		
Sales revenue		
Casino		
- Gaming revenue	40,706,856	67,868,793
- Non-gaming revenue	12,713,118	18,315,379
Corporate operations	-	56
Government grants and incentives	37,818	-
Interest	27,243	79,352
Revenue from continuing operations	53,485,035	86,263,580

Gaming revenue represents net house takings arising from casino operations.

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

Note 4. 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:

Consolidated - 30 June 2020	Casino Operations Vietnam $	Casino Operations Cambodia $	Corporate Operations $	Total $
Revenue				
Gaming revenue	8,089,850	32,617,006	-	40,706,856
Non-gaming revenue	5,622,287	7,090,831	-	12,713,118
Government grants and incentives	-	-	37,818	37,818
Interest	15,495	-	11,748	27,243
Total revenue	13,727,632	39,707,837	49,566	53,485,035
Timing of revenue recognition				
At a point in time	9,708,737	37,667,019	-	47,375,756
Over time	4,018,895	2,040,818	49,566	6,109,279
	13,727,632	39,707,837	49,566	53,485,035

Consolidated - 30 June 2019	Casino Operations Vietnam $	Casino Operations Cambodia $	Corporate Operations $	Total $
Revenue				
Gaming revenue	12,271,369	55,597,424	-	67,868,793
Non-gaming revenue	9,238,420	9,076,959	-	18,315,379
Corporate operations	-	-	56	56
Interest	48,475	-	30,877	79,352
Total revenue	21,558,264	64,674,383	30,933	86,263,580
Timing of revenue recognition				
At a point in time	14,832,468	61,560,438	-	76,392,906
Over time	6,725,796	3,113,945	30,933	9,870,674
	21,558,264	64,674,383	30,933	86,263,580

Note 5. Expenses

	Consolidated 2020 $	Consolidated 2019 Restated $
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Land, buildings and structures	5,226,958	4,748,917
Right-of-use asset (see note 23)	123,032	-
Furniture and fittings	68,188	86,623
Machinery and equipment	3,710,466	1,879,130
Office equipment and other	568,714	2,164,874
Motor vehicles	187,929	257,772
Consumables	332,854	987,800
	10,218,141	10,125,116
Amortisation		
Land right	2,375	2,241
Total depreciation and amortisation	10,220,516	10,127,357
Impairment of assets		
Casino licence (see note 13)	50,326,357	186,644,711
Interactive gaming (see note 12)	-	3,674,155
Trade and other receivables (see note 8)	186,063	13,787,393
	50,512,420	204,106,259

Note 6. Income tax expense

	Consolidated 2020 $	Consolidated 2019 Restated $
Income tax expense		
Current tax	2,500,938	3,611,734
Deferred tax	(15,422)	-
Aggregate income tax expense	2,485,516	3,611,734
Income tax expense is attributable to:		
Profit from continuing operations	2,485,516	3,611,734
Aggregate income tax expense	2,485,516	3,611,734
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense from continuing operations	(56,388,103)	(194,182,913)
Profits tax using:		
Australian corporation tax at the statutory tax rate of 30% (2019: 30%)	(16,916,431)	(58,254,874)
Tax effect of difference in overseas corporation tax at the statutory tax rate of 20% (2019: 20%)	5,173,110	2,094,972
Tax effect amounts which are not deductible in calculating taxable income	11,657,159	51,588,818
Losses not brought to account	982,322	7,598,241
Tax exempt profits from Cambodian operations (note (a))	(738,224)	(1,998,176)
Obligation payments in Cambodia (note (a))	2,362,161	3,002,735
Adjustment for investment spending in Vietnam	(34,581)	(419,982)
Income tax expense	2,485,516	3,611,734

(a) Income tax in profit or loss

Income tax includes obligation payments totalling $2,362,161 (2019: $3,002,735) payable to the Ministry of Economy and Finance of Cambodia (“MOEF”).

As at the date of this report, the Casino Law in respect of casino taxes in Cambodia is yet to be introduced. The MOEF levies an Obligatory Tax Payment, payable on a monthly basis. The Obligatory Tax Payment is comprised of a fixed gaming tax and a fixed non-gaming tax payment. In addition, an annual casino licence fee of USD30,000 is paid.

In respect of gaming activities, DNA Star Vegas Co., Ltd (DNA Star Vegas) has to pay the obligatory payment which is a fixed gaming tax and with the payment of this fixed gaming tax, DNA Star Vegas will be exempted from all categories of taxes on gaming activities including advance profits tax, minimum tax and advance tax on distribution of dividends.

As for non-gaming obligatory payment, it is considered as a composite of various other taxes such as salary tax, fringe benefit tax, withholding tax, value-added tax, patent tax, tax on rental of moveable and unmoveable assets, minimum tax, advance profit tax, advertising tax and specific tax on entertainment services.

Monthly payments for the obligatory payment are due on the first week of the following month. DNA Star Vegas has made the obligatory payment in a timely manner.

In the event of late payment within 7 days from the due date, there will be a penalty of 2% on the late payment and interest of 2% per month. In addition, after 15 days when official government notice is issued to DNA Star Vegas for the late payment, an additional penalty of 25% will be imposed. In the case where DNA Star Vegas does not comply with the abovementioned requirements, the MOEF will not issue the casino licences to DNA Star Vegas in the successive years.

Certain amendments to the Law of Investment ("LOI") and Law of Taxation ("LOT") were promulgated in March 2003. Under the amendments made to the LOT, distribution of dividends to non-residents will be subject to a withholding tax on the distribution of net of 20% corporate tax, at a rate of 14%, resulting in a net distribution tax of 31.2%. These amendments are not applicable to DNA Star Vegas as they will be regulated by the Casino Law which is yet to be enacted.

(b) The parent entity has not brought to account tax losses with a tax effect of $955,546 (2019: $1,063,184).

Note 7. Current assets - cash and cash equivalents

	Consolidated 2020 $	Consolidated 2019 Restated $
Cash on hand	9,463,849	20,308,499
Cash at bank	3,166,510	5,695,441
Cash in transit	-	151,842
Short-term deposit	-	412,486
	12,630,359	26,568,268

Note 8. Current assets - trade and other receivables

	Consolidated 2020 $	Consolidated 2019 $
Trade receivables	610,883	1,788,448
Other receivables	644,547	974,210
Interest receivable on bank deposits	-	89
Tax related receivables	25,002	14,699
	1,280,432	2,777,446

Impairment of receivables
The consolidated entity has recognised a loss of $186,063 in respect of impairment of receivables for the year ended 30 June 2020 (2019 restated: $13,787,393).

Note 9. Current assets - inventories

	Consolidated 2020 $	Consolidated 2019 $
Food and beverage - at cost	670,810	1,149,324

Note 10. Current assets - prepaid construction costs

Prepaid construction costs	4,366	38,800

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 11. Current assets - other

	Consolidated 2020 $	Consolidated 2019 $
Bonds and security deposits	354,792	505,586
Prepayments	123,530	447,620
Other current assets	67,028	52,712
	545,350	1,005,918

Note 12. Non-current assets - property, plant and equipment

	Consolidated 2020 $	Consolidated 2019 $
Leasehold buildings and structures - at cost	177,939,404	174,655,552
Less: Accumulated depreciation for leasehold buildings and structures	(29,513,287)	(24,420,906)
	148,426,117	150,234,646
Right-of-use asset - at cost (see note 23)	3,549,358	-
Less: Accumulated depreciation for right-of-use asset	(120,711)	-
	3,428,647	-
Furniture and fittings - at cost	5,695,362	5,594,200
Less: Accumulated depreciation for furniture and fittings	(5,649,274)	(5,505,540)
	46,088	88,660
Machinery and equipment - at cost	47,906,102	46,433,136
Less: Accumulated depreciation for machinery and equipment	(35,586,636)	(31,448,420)
	12,319,466	14,984,716
Motor vehicles - at cost	2,344,341	2,569,132
Less: Accumulated depreciation for motor vehicles	(2,087,510)	(1,969,042)
	256,831	600,090
Office equipment and other - at cost	3,808,247	3,820,296
Less: Accumulated depreciation for office equipment and other	(2,833,645)	(2,321,067)
	974,602	1,499,229
Consumables	357,958	552,787
	357,958	552,787
Interactive gaming - at cost	3,887,606	3,804,363
Less: Accumulated impairment	(3,887,606)	(3,804,363)
	-	-
	165,809,709	167,960,128

DONACO INTERNATIONAL LIMITED
Notes to financial statements
For the year ended 30 June 2020

Note 12. 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 year are set out below:

	Leasehold buildings	Furniture and fittings	Machinery and equipment	Motor vehicles	Office equipment and other	Consumables	Right-of-use asset	Total
Consolidated	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2018	142,455,067	151,801	15,495,600	769,852	1,869,074	1,430,844	-	162,172,238
Additions	2,506,055	9,020	189,100	33,475	1,880,136	68,929	-	4,686,715
Disposals	-	-	-	-	(38,358)	-	-	(38,358)
Exchange differences	10,022,441	14,462	1,179,146	54,535	(46,749)	40,814	-	11,264,649
Depreciation expense	(4,748,917)	(86,623)	(1,879,130)	(257,772)	(2,164,874)	(987,800)	-	(10,125,116)
Balance at 30 June 2019	150,234,646	88,660	14,984,716	600,090	1,499,229	552,787	-	167,960,128
Additions	70,239	23,142	894,520	-	18,912	118,690	3,549,435	4,674,938
Disposals	(3)	-	(241,414)	(163,798)	(14,686)	-	-	(419,901)
Exchange differences	3,348,193	2,474	392,110	8,468	39,861	19,335	2,244	3,812,685
Depreciation expense	(5,226,958)	(68,188)	(3,710,466)	(187,929)	(568,714)	(332,854)	(123,032)	(10,218,141)
Balance at 30 June 2020	148,426,117	46,088	12,319,466	256,831	974,602	357,958	3,428,647	165,809,709

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

Note 13. Non-current assets - intangibles

	Consolidated 2020 $	Consolidated 2019 $
Goodwill - at cost	2,426,187	2,426,187
Land right - at cost	74,477	72,737
Less: Accumulated amortisation for land right	(45,866)	(42,610)
	28,611	30,127
Casino licence	435,515,568	424,607,676
Less: Accumulated Impairment	(408,028,826)	(349,491,254)
	27,486,742	75,116,422
	29,941,540	77,572,736

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

Consolidated	Goodwill $	Land right $	Casino licence $	Total $
Balance at 1 July 2018	2,426,187	31,187	251,606,947	254,064,321
Impairment of assets	-	-	(186,644,711)	(186,644,711)
Exchange differences	-	1,181	10,154,186	10,155,367
Amortisation expense	-	(2,241)	-	(2,241)
Balance at 30 June 2019	2,426,187	30,127	75,116,422	77,572,736
Impairment of assets	-	-	(50,326,357)	(50,326,357)
Exchange differences	-	859	2,696,677	2,697,536
Amortisation expense	-	(2,375)	-	(2,375)
Balance at 30 June 2020	2,426,187	28,611	27,486,742	29,941,540

Impairment testing of goodwill
Goodwill is monitored by the Chief Operating Decision Maker ('CODM') at the cash generating unit level. CODM reviews business performance based on geography and type of business. It has identified two reportable cash generating units, Lao Cai and DNA Star Vegas. A business-level summary of the goodwill allocation is presented below:

	Consolidated 2020 $	Consolidated 2019 $
Lao Cai International Hotel JVC	2,426,187	2,426,187
Total goodwill	2,426,187	2,426,187

Lao Cai - Goodwill

The recoverable amount of the cash generating unit of Lao Cai 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 FY20 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.

Note 13. Non-current assets - intangibles (continued)

Lao Cai - Goodwill (continued)

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.

No impairment has been recognised for the year ended 30 June 2020 (2019: nil).

DNA Star Vegas - Casino Licence

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

The recoverable amount of the cash-generating unit of DNA Star Vegas has been determined based on its value in use. Independent valuations of the 100% equity interest in DNA Star Vegas Company Limited were undertaken as at 31 December 2019 and as at 30 June 2020. As at 31 December 2019, adjustments were made to determine the value in use of the cash-generating unit which was reasonably determined to be $160,544,041 (US$112,480,937 converted at the spot rate). Based on the valuation undertaken as at 30 June 2020, the value in use was determined to be $115,413,396 (US$79,207,601 converted at the spot rate).

The valuation as at 30 June 2020 was determined using budgeted gross margin based on past performance and its expectations for the future and are considered to be reasonably achievable. The valuation is based on a 5-year cash flow forecast period. The valuation uses a contraction rate of 61.2% in the first year, followed by a growth rate of 52.9% in the second year and a growth rate of 3% in subsequent years. The discount rate used of 16.94% reflects specific risks relating to the relevant segments and the countries in which they operate. The discount rate has been decreased compared to the prior period rate used of 18.6%. The valuation was determined using a foreign exchange rate between Thai Baht and US Dollar of 30.913 THB:1 USD. Capital expenditure of THB6 million (AU$0.28 million at the spot rate) for each year over the forecast period was included in the valuation.

Based on the valuation, the Directors determined an impairment loss of $50,326,357 needed to be recognised as at 30 June 2020 (2019: $186,644,711).

Apart from the impairment loss, the movement in the historical cost of the casino license is due to foreign exchange translation as the licence is denominated in foreign currency.

Land right

Intangible asset of $28,611 (2019: $30,127) 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.

Note 14. Non-current assets - construction in progress

	Consolidated	
	2020	**2019**
	$	**$**
Property construction works in progress - at cost	495,712	505,527

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

Consolidated	**Construction works in progress $**
Balance at 1 July 2018	591,787
Additions	2,395,152
Exchange differences	48,003
Transfers out	(2,529,415)
Balance at 30 June 2019	505,527
Additions	29,580
Disposals	(53,018)
Exchange differences	13,623
Balance at 30 June 2020	495,712

Construction relates to costs incurred for the construction of the new 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 15. Non-current assets - other

	Consolidated 2020 $	Consolidated 2019 $
Other debtors	4,288	2,147

Note 16. Current liabilities - trade and other payables

	Consolidated 2020 $	Consolidated 2019 Restated $
Trade payables (note 28)	7,822,565	7,168,624
Deposits received	74,839	93,559
Floating chips (note 28)	4,759,231	11,469,683
Interest payable	17,315	45,233
Other payables and accrued expenses	28,593,374	28,624,865
Lease liability - current (note 23)	812,591	-
	42,079,915	47,401,964

Refer to note 28 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 17. Current liabilities - borrowings

	Consolidated 2020 $	Consolidated 2019 $
Joint Stock Commercial Ocean Bank	1,390,924	2,998,803
Mega International Commercial Bank Co Ltd	24,990,986	13,565,104
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	943,314	-
	27,325,224	16,563,907

Refer to note 28 for further information on financial instruments.

Total secured liabilities
The total secured current liabilities are as follows:

Joint Stock Commercial Ocean Bank	1,390,924	2,998,803
Mega International Commercial Bank Co Ltd	24,990,986	13,565,104
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	943,314	-
	27,325,224	16,563,907

The loan from Mega International Commercial Bank Co Ltd was restructured and refinanced under new binding agreements effective June 2019. Under the new refinancing terms, future principal repayments have been reduced to US$5 million (AU$7 million at spot rate), with final settlement in June 2021.

In light of the impact to the consolidated entity as result of the COVID-19 global pandemic, Mega Bank has agreed to defer the US$5 million (AU$7 million at spot rate) principal repayment that was due in June 2020 under the loan facility agreement to December 2020. Mega Bank has also granted a waiver on all June 2020 covenants under the loan facility agreement until 31 December 2020, including the requirements to hold minimum cash and cash equivalents as well as to meet interest cover ratio and debt to EBITDA.

Assets pledged as security

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 (carrying value $123,347,846, 2019: $123,347,846);
iii. A pledge of the shares in DNA Star Vegas Co. Ltd owned by Donaco Hong Kong Limited (carrying value $124,046,749, 2019: $165,735,942);
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
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 2020 under this arrangement were $2,297,988 (2019: $4,498,205).

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn down at any time.

Note 17. Current liabilities - borrowings (continued)

Joint Stock Commercial Bank for Foreign Trade of Vietnam

The loan from the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) was drawn down on 20 February 2020. The borrowing is guaranteed over properties held by Lao Cai International Hotel Joint Venture Company Ltd and is for a term of 9 months. Total borrowings as at 30 June 2020 is $943,314 (2019: nil).

	Consolidated	
	2020	2019
	$	$
Financing arrangements		
Unrestricted access was available at the reporting date to the following lines of credit (current and non current):		
Total facilities		
Bank loans	28,232,288	35,943,361
Used at the reporting date		
Bank loans	28,232,288	35,943,361
Unused at the reporting date		
Bank loans	-	-

Note 18. Current liabilities - income tax

Provision for income tax	154,296	1,764,696

Note 19. Current liabilities - employee benefits

Annual leave	2,388	200,407
Accrued salaries, wages and other benefits	193,983	490,081
	196,371	690,488

Note 20. Non-current liabilities - trade and other payables

Other payables - non current	40,277	123,760
Lease liability - non-current (note 23)	2,761,061	-
	2,801,338	123,760

Note 21. Non-current liabilities - borrowings

Joint Stock Commercial Ocean Bank	907,064	1,499,402
Mega International Commercial Bank Co Ltd	-	17,880,052
	907,064	19,379,454

Refer to note 28 for further information on financial instruments.

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

Joint Stock Commercial Ocean Bank	2,297,988	4,498,205
Mega International Commercial Bank Co Ltd	24,990,986	31,445,156
Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank)	943,314	-
	28,232,288	35,943,361

Note 22. Non-current liabilities - employee benefits

Long service leave	-	55,594

Note 23. Leases

On 15 June 2015, DNA Star Vegas Co., Ltd entered into a lease of 50 years, with rent payable monthly. The lease is in relation to land of approximately 232,189 square meters located in Poi Pet, Cambodia. The remaining lease term as at 30 June 2020 is 45 years. Under the terms of the lease agreement, the lease renews automatically for a further 50 years to the extent allowable under Cambodian laws. However, following an application undertaken by the Landlord of DNA Star Vegas, an award was made on 21 August 2019 in the Cambodian arbitration proceedings entitling the Landlord to terminate the lease for the land occupied by DNA Star Vegas. In response, the Company had filed an appeal with the Appeal Court and sought to enter into settlement negotiations with the Landlord to preserve the lease. The dispute between the Landlord of DNA Star Vegas and the company is now resolved, following the settlement of all litigation matters between the Thai vendor (including the Landlord) and Donaco. As part of the settlement agreements, an amended perpetual lease agreement has been 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. This follows an additional lease payment of US$20 million to the Landlord. Further details of the settlement agreements are disclosed in note 39.

The settlement agreements require consent from Mega Bank to be finalised, which has not yet been provided. In any case, it is noted that all legal actions will now cease. See notes 1 and 39 for further information regarding the settlement of the legal actions.

Pending the outstanding consent from Mega Bank and completion of the settlement agreements, the lease liability and right-of-use asset have been calculated as at 30 June 2020 over the remaining 45 years of the original lease.

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 30 June 2020 is approximately 41 years.

On adoption of AASB 16 *Leases* , the company has applied the new rules retrospectively from 1 July 2019. The property leases previously recognised as operating leases are recognised as right-of-use assets and corresponding liabilities as of the date of application. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period. The right-of-use asset is depreciated over the lease term on a straight-line basis.

(i) Amounts recognised in the statement of financial position

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

	Consolidated	
	2020	**2019**
	$	**$**
Right-of-use assets (recognised as part of property, plant and equipment)		
Properties	3,428,647	-
	3,428,647	-
Lease liability (recognised as part of trade and other payables)		
Properties - current	812,591	-
Properties - non-current	2,761,061	-
	3,573,652	-

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%, while the lease payments for the lease in Vietnam were discounted using a discount rate of 9.5%.

(i) Amounts recognised in the statement of comprehensive income

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

	Consolidated	
	2020	**2019**
	$	**$**
Depreciation of right-of-use asset (recognised as part of depreciation expense)	123,032	-
Interest expense (included in finance cost)	248,251	-

The total cash outflow for leases in 2020 was $293,772.

Note 24. Equity - issued capital

	Consolidated			
	2020 Shares	**2019 Shares**	**2020 $**	**2019 $**
Ordinary shares - fully paid	822,930,805	823,592,773	358,372,299	358,656,945

Details	**Date**	**Shares**	**$**
Balance	30 June 2018	823,592,773	358,656,945
Balance	30 June 2019	823,592,773	358,656,945
Employee shares forfeited	31 December 2019	(661,968)	(284,646)
Balance	30 June 2020	822,930,805	358,372,299

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.

In light of the impact to the consolidated entity as result of the COVID-19 global pandemic, in addition to deferring the principal repayment of US$5 million (AU$7 million at spot rate) that was due in June 2020 under the loan facility agreement to December 2020, Mega Bank has also granted a waiver on all June 2020 covenants under the loan facility agreement until 31 December 2020, including the requirements to hold minimum cash and cash equivalents as well as to meet interest cover ratio and debt to EBITDA. There were therefore no events of default during the financial year.

The capital risk management policy remains unchanged from the 2019 financial statements.

Treasury shares are shares in Donaco International Limited that are held by Smartequity EIS Pty Ltd for the purpose of issuing shares under the employee share scheme. Shares issued to employees are recognised on a first-in-first-out basis.

Details	**Number of shares**	**$**
Opening balance 1 July 2018	595,224	233,470
Balance 30 June 2019	595,224	233,470
Shares forfeited 31 December 2019	661,968	284,646
Balance 30 June 2020	1,257,192	518,116

Note 25. Equity - reserves

	Consolidated 2020 $	Consolidated 2019 $
Revaluation surplus reserve	1,855,327	1,855,327
Foreign currency reserve	42,454,937	37,244,147
Employee share option reserve	3,369,254	3,088,689
	47,679,518	42,188,163

Consolidated	Revaluation surplus reserve $	Share-based payment reserve $	Foreign currency reserve $	Total $
Balance at 1 July 2018	1,855,327	2,809,651	17,875,486	22,540,464
Foreign currency translation	-	-	19,368,661	19,368,661
Share-based payments	-	279,038	-	279,038
Balance at 30 June 2019	1,855,327	3,088,689	37,244,147	42,188,163
Foreign currency translation	-	-	5,210,790	5,210,790
Shares forfeited	-	284,646	-	284,646
Share-based payments	-	(4,081)	-	(4,081)
Balance at 30 June 2020	1,855,327	3,369,254	42,454,937	47,679,518

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.

Share-based payment
The 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 26. Equity - accumulated losses

	Consolidated 2020 $	Consolidated 2019 Restated $
Accumulated losses at the beginning of the financial year	(211,264,623)	(13,250,020)
Loss after income tax expense for the year	(58,885,434)	(198,014,603)
Accumulated losses at the end of the financial year	(270,150,057)	(211,264,623)

Note 27. Equity - dividends

The dividend policy that was announced on 29 August 2017 stated that the consolidated entity intends to pay out 10-30% of net profit after tax as dividends to shareholders, with the intention to provide regular half-yearly dividend payments, subject to the consolidated entity's then current working capital requirements and growth plans. Shareholders should note that the payment of dividends is not guaranteed.

No dividends were paid for the year ended 30 June 2020 (2019: nil).

Franking credit balance

	Consolidated 2020 $	Consolidated 2019 $
Franking credits available for subsequent reporting periods after payment of tax liability based on a tax rate of 30% (2019: 30%)	471,682	471,682

Note 28. 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, in which the functional currencies are Vietnamese Dong and Thai Baht.

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**	
	2020	**2019**	**2020**	**2019**
Australian dollars				
USD	1.4895	1.3975	1.4571	1.4259
THB	0.0480	0.0433	0.0471	0.0464
VND	0.0001	0.0001	0.0001	0.0001
CNY	0.2119	0.2048	0.2061	0.2076
MYR	0.3542	0.3387	0.3404	0.3443
SGD	1.0770	1.0235	1.0443	1.0535
HKD	0.1911	0.1782	0.1880	0.1826

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**	
	2020	**2019 Restated**	**2020**	**2019 Restated**
Consolidated				
USD	798,847	1,445,796	(5,563,524)	(3,706,561)
CNY	6,352,003	10,571,643	(4,335,573)	(10,507,445)
MYR	25,657	179,733	(3,522)	(100,428)
THB	-	25,409	-	-
SGD	60,593	141,515	(17,639)	(18,029)
EUR	-	3,238	-	-
HKD	38,249	45,174	(64,031)	(69,290)
	7,275,349	12,412,508	(9,984,289)	(14,401,753)

Note 28. Financial instruments (continued)

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.

Consolidated	% Change	AUD strengthened Effect on profit after tax 2020	Effect on profit after tax 2019 Restated
USD	5%	238,234	113,038
CNY	5%	(100,822)	(3,210)
MYR	5%	(1,107)	(3,965)
THB	5%	-	(1,270)
SGD	5%	(2,148)	(6,174)
EUR	5%	-	(162)
HKD	5%	1,289	1,206
		135,446	99,463

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:

Consolidated	2020 Weighted average interest rate %	2020 Balance $	2019 Weighted average interest rate %	2019 Balance $
Bank loans	7.66%	(28,232,288)	8.62%	(35,943,361)
Cash at bank	0.10%	3,166,510	0.54%	5,695,441
Fixed deposits	n/a	-	5.50%	412,486
Net exposure to cash flow interest rate risk		(25,065,778)		(29,835,434)

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 not significant for the purposes of this disclosure.

Note 28. Financial instruments (continued)

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.

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.

Consolidated - 2020	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables	-	7,822,565	-	-	-	7,822,565
Floating chips	-	4,759,231	-	-	-	4,759,231
Interest bearing - variable						
Bank loans	7.66%	27,325,224	907,064	-	-	28,232,288
Total non-derivatives		39,907,020	907,064	-	-	40,814,084

Consolidated - 2019	**Weighted average interest rate %**	**1 year or loss $ Restated**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total contractual maturities $ Restated**
Non-derivatives						
Non-interest bearing						
Trade payables	-	7,168,624	-	-	-	7,168,624
Floating chips	-	11,469,683	-	-	-	11,469,683
Interest-bearing - variable						
Bank loans	8.62%	16,563,907	19,379,454	-	-	35,943,361
Total non-derivatives		35,202,214	19,379,454	-	-	54,581,668

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.

Note 29. Key management personnel disclosures

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

Stuart James McGregor	Non-Executive Director (removed 29 November 2019)
Joey Lim Keong Yew	Non-Executive Director (removed 18 July 2019)
Benedict Paul Reichel	Executive Director and Company Secretary (resigned 29 November 2019)
Benjamin Lim Keong Hoe	Non-Executive Director (removed 18 July 2019)
David John Green	Non-Executive Director (removed 29 November 2019)
Kurkye Wong	Executive Director (effective 11 February 2020) (appointed Non-Executive Director 12 August 2019)
Yan Ho Leo Chan	Executive Director (effective 11 February 2020) (appointed Non-Executive Director 12 August 2019)
Yugo Kinoshita	Non-Executive Director (appointed 14 August 2019, removed 29 November 2019)
Roderick John Sutton	Non-Executive Director (appointed 29 November 2019)
Simon Vertullo	Non-Executive Director (appointed 9 December 2019, resigned 2 September 2020)
Norman Mel Ashton	Non-Executive Director (appointed 9 December 2019, resigned 2 September 2020)

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:

Paul Arbuckle	Chief Executive Officer (terminated 4 August 2020)
Chong Kwong Yang	Chief Financial Officer (resigned 30 December 2019)
Gordon Lo	Chief Financial Officer (appointed 1 January 2020)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020	**2019**
	$	**$**
Short-term employee benefits	2,412,038	1,471,879
Post-employment benefits	72,332	72,849
Share-based payments	77,759	195,619
	2,562,129	1,740,347

Note 30. Remuneration of auditors

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

	Consolidated	
	2020	**2019**
	$	**$**
Audit services - Crowe Sydney		
Audit or review of the financial statements	123,000	123,000
	123,000	123,000
Audit services - related firms		
Audit or review of the financial statements	206,969	203,653
Preparation of the tax return	1,145	1,069
	208,114	204,722
Audit services - unrelated firms		
Audit or review of the financial statements	79,182	74,292
Other services - unrelated firms		
Preparation of the tax return	2,657	2,493
	81,839	76,785

Note 31. Commitments

	Consolidated	
	2020	2019
	$	$
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	-	79,741
	-	79,741

	Consolidated	
	2020	2019
	$	$
Lease commitments - operating (as lessee)		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	389,837
One to five years	-	824,044
More than five years	-	7,814,392
	-	9,028,273

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.

On adoption of AASB 16 Leases, the consolidated entity has applied the new rules retrospectively from 1 July 2019. The property leases previously recognised as operating leases are recognised as right-of-use assets with corresponding lease liabilities as of the date of application (see note 23).

	Consolidated	
	2020	2019
	$	$
Lease commitments - operating (as lessor)		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	7,520	2,191,608
One to five years	-	3,887,003
	7,520	6,078,611

The consolidated entity leases out its premises in the DNA Star Vegas Casino under non-cancellable operating leases. The leases have remaining lease periods of less than one year as at 30 June 2020.

Note 32. 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 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties during 2020:

	Consolidated	
	2020	2019
	$	$
Rental received from /(paid to) Arte Mobile Technology Pte Ltd (subsidiary of Isentric Limited)	7,448	(13,974)

The above transactions occurred at commercial rates.

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

Note 32. Related party transactions (continued)

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 33. Parent entity information

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

	Parent	
	2020	**2019**
	$	**$**
Statement of profit or loss and other comprehensive income		
Profit after income tax	(54,222,285)	(173,848,343)
Total comprehensive income	(54,222,285)	(173,848,343)
Statement of financial position		
Total current assets	32,074,451	28,622,170
Total assets	162,451,492	208,760,764
Total current liabilities	60,439,010	52,466,322
Total liabilities	60,439,010	52,521,917
Equity		
Issued capital	406,335,385	406,620,031
Employee share option reserve	3,369,254	3,088,688
Accumulated losses	(307,692,157)	(253,469,872)
Total equity	102,012,482	156,238,847

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
As at 30 June 2020, 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.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2020 and 30 June 2019.

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 34. 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 2020 %	Ownership interest 2019 %
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%
Donaco Holdings (Hong Kong) 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 (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.

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

Donaco Investment (S) Pte Ltd - Investment company.

Note 34. Interests in subsidiaries (continued)

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	**2020**	**2019**
		Restated
	$	**$**
Summarised statement of financial position		
Current assets	7,650,189	13,851,845
Non-current assets	67,952,564	69,241,051
Total assets	75,602,753	83,092,896
Current liabilities	17,200,461	24,124,464
Non-current liabilities	3,065,414	5,258,106
Total liabilities	20,265,875	29,382,570
Net assets	55,336,878	53,710,326
Summarised statement of profit or loss and other comprehensive income		
Revenue	13,727,632	21,558,264
Expenses	(13,385,867)	(20,572,927)
Profit before income tax expense	341,765	985,337
Income tax expense	(123,334)	(608,126)
Profit after income tax expense	218,431	377,211
Statement of cash flows		
Net cash (used in) / from operating activities	(1,202,711)	7,787,914
Net cash from / (used in) investing activities	46,195	(570,287)
Net cash used in financing activities	(6,104,935)	(10,831,838)
Net decrease in cash and cash equivalents	(7,261,451)	(3,614,211)
Other financial information		
Profit attributable to non-controlling interests	11,815	219,956
Accumulated non-controlling interests at the end of reporting period	2,031,761	2,019,946

Note 35. Events after the reporting period

Resumption of casino operations

On 29 July 2020 it was confirmed that the Government of Cambodia lifted the temporary closure of casino operations. Casino operations may resume, contingent on receiving approval from the Ministry of Health (MOH) and implementing certain preventative measures against COVID-19. The casino partially reopened as of 25 September 2020, however is still operating on a limited scale for patrons based in Cambodia as the Cambodia-Thailand border remains closed.

The Company notes that Thailand has extended its state of emergency due to COVID-19 until 31 October 2020, which will likely impact the border reopening date. As the majority of Star Vegas' visitors are from Thailand, Donaco expects patronage numbers will remain low at Star Vegas until the border between Thailand and Cambodia is reopened.

Casino operations at the Aristo International Hotel in Lao Cai, Vietnam has been lifted since May 2020, however as the border with China remains closed, patronage at the casino is expected to remain low as most of Aristo's patrons are Chinese residents.

The Company is optimistic that the COVID-19 situation will continue to improve in the region in which both casinos operate and the reopening of both casinos is a positive step towards the resumption of normal operations.

Note 35. Events after the reporting period (continued)

Entitlement issue

The COVID-19 pandemic continues to disrupt casino operations in Vietnam and Cambodia and prevent resumption of normal business activities. While both casinos have since reopened, international borders between Vietnam and China, and Cambodia and Thailand, remain closed which adversely affects patronage at these casinos. Cost-cutting measures such as pay cuts and redundancies remain in place. To meet the company's urgent need of capital due to the impact of COVID-19 on its operations as well as the requirement to make repayments under the company's loan facility with Mega Bank, the company issued a pro-rata, non-renounceable fully underwritten entitlement offer on 3 July 2020 of 1 new share in the company for every 2 shares held by eligible shareholders at a price of $0.035 for 411,796,609 new shares, to raise approximately AUD14.4 million (before costs). The offer was subsequently completed on 27 July 2020, with a total of 113,692,949 of new shares applied for by shareholders and the remaining 298,103,660 new shares acquired by Mr Lee Bug Tong and Mr Lee Bug Huy. Post completion of the entitlement offer and associated underwriting, Mr Lee Bug Huy and Mr Lee Bug Tong hold a relevant interest in the Company of 42.12%, an increase from their previous interest of 17.99%.

The funds raised will be used to make principal repayments to Mega Bank and also to meet the working capital needs of the casino operations and other corporate, administration and transaction costs.

Appointment of new directors

Following the completion of the underwriting agreement as part of the entitlement offer noted above, Mr Lee Bug Huy and Mr Paul Porntat Amatavivadhana have been appointed as non-executive directors to the Board of the company effective from 3 August 2020.

On 2 September 2020, two additional independent directors, Mr Andrew Phillips and Mr Issaraya Intrapaiboon were appointed to the Board, as two Australian-based, non-executive directors. Mr Paul Porntat Amatavivadhana was also appointed as non-executive Chairman, while Mr Lee Bug Huy was appointed Chief Executive Officer effective 3 September 2020. As part of this process, Chairman Mel Ashton and non-executive director Simon Vertullo resigned from the Board.

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

Note 36. Net cash flows from operating activities

	Consolidated	
	2020	**2019**
		Restated
	$	**$**
a) Reconciliation of loss after income tax to net cash from operating activities		
Loss after income tax expense for the year	(58,873,619)	(197,794,647)
Adjustments for:		
Depreciation and amortisation	10,220,516	10,127,357
Impairment of assets	50,512,420	204,106,259
Share-based payments	(4,081)	279,038
Non cash finance costs	978,452	1,390,685
Change in operating assets and liabilities:		
Decrease / (increase) in trade and other receivables	1,310,951	(6,019,808)
Decrease in inventories	478,514	248,020
Decrease in other operating assets	492,861	1,219,842
Increase in deferred tax assets	(15,163)	-
(Decrease) / increase in trade and other payables	(6,152,662)	12,891,441
Decrease in provision for income tax	(1,610,400)	(243,706)
Decrease in provisions for employee benefits	(549,711)	(557,651)
Net cash (used in) / from operating activities	(3,211,922)	25,646,830

b) Change in liabilities arising from financing activities

	2020
	$
Borrowings at beginning of the year (note 21)	35,943,361
Proceeds from loan borrowings	1,655,244
Repayments	(11,309,956)
Foreign exchange adjustments	965,187
Other non-cash movements	978,452
Borrowings at end of the year (note 21)	28,232,288

Note 37. Loss per share

	Consolidated 2020 $	Consolidated 2019 Restated $
Loss per share for loss from continuing operations		
Loss after income tax	(58,873,619)	(197,794,647)
Non-controlling interest	(11,815)	(219,956)
Loss after income tax attributable to the owners of Donaco International Limited	(58,885,434)	(198,014,603)

	Numbers	Numbers
Weighted average number of ordinary shares used in calculating basic loss per share	823,263,598	823,592,773
Adjustments for calculation of diluted loss per share:		
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted loss per share	823,263,598	823,592,773

	Cents	Cents Restated
Basic loss per share	(7.15)	(24.04)
Diluted loss per share	(7.15)	(24.04)

Note 38. Share-based payments

Employee shares

Share allocation FY18
Under the employee share scheme, 1,781,429 shares were issued to employees on 3 October 2017, held by an employee share trust. These shares were issued at 41.99 cents per share and will vest over the three-year vesting period commencing on 1 July 2017.

During the year, the shares issued under this employee share scheme were either forfeited or were subject to accelerated vesting on termination of the respective employees. There are therefore no further unvested shares as at 30 June 2020.

Employee options

No options were granted or outstanding at any time during the year ended 30 June 2020.

Note 39. Contingent assets and liabilities

Court Proceedings

As of 2 March 2020 the Company has settled the various proceedings in Singapore, Australia, Thailand and Cambodia with Somboon Sukcharoenkraisri, Lee Bug Tong, Lee Bug Huy, Lee Hoe Property Co., Ltd, Paramax Co., Ltd and related persons (together, the Thai Vendors) arising from Donaco's acquisition of the Star Vegas business.

The settlement agreements include the following terms:

- An amended Perpetual Lease Agreement for the Star Vegas casino was executed, granting Donaco security of tenure over the Star Vegas casino until 15 June 2115.
- Donaco will receive US$38 million to remove the non-competition and non-solicitation clauses in the Share Sale Agreement relating to the Star Vegas business. The Share Sale Agreement will also be amended to acknowledge the existence of the competing casino constructed near the Star Vegas casino;
- Donaco will pay US$18 million to settle the claims for unpaid management fees plus interest (to be offset against the US$38 million owed per above). The management agreement will also be terminated;
- Donaco will pay any outstanding rent and an additional lease payment of US$20 million in respect of the Star Vegas lease to Lee Hoe Property. Following this additional lease payment, the lease agreement shall resume and continue as perpetual, with US$20,000 per month for 5 years from the effective settlement date, US$30,000 per month 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 of the EBITDA of the relevant financial year;
- The Thai vendors have agreed not to dispose of their shares in Donaco International for a period of six months from the date of settlement;
- All legal actions and mutual releases will now cease.

Under the loan facility agreement, Donaco is required to obtain consent from Mega Bank to fulfil parts of the settlement agreement. All settlement parties have agreed to defer the settlement payments and additional lease payment whilst awaiting Mega Bank's consent. The US$38 million receivable for the clause removal and the $US20 million payable as additional lease payment have not been recognised as at 30 June 2020 as the consent has not been provided and the settlement remains incomplete.

In any case, no net cash flow will arise from the settlement and it has been agreed that all legal actions will now cease.

Note 40. Correction of prior year error

During the year, Donaco identified that inappropriate adjustments to cash in transit, uncollectable customer and junket balance receivables had been recognised in the financial statements for the year ended 30 June 2019. These adjustments were offset against trade and other payables. Accordingly, there were misstatements to the cash and cash equivalents and trade and other payables, and an understatement of impairment expense. Each of the affected financial statement line items have been restated as follows:

	30 June 2019	**Change**	**30 June 2019 Restated**
Statement of financial position (extract)	**$**	**$**	**$**
Decrease in cash and cash equivalents	27,377,908	(809,640)	26,568,268
Increase in trade and other payables	44,189,694	3,212,270	47,401,964
Net assets	195,622,341	(4,021,910)	191,600,431
Decrease in retained profits	(207,242,713)	(4,021,910)	(211,264,623)
Total equity	195,622,341	(4,021,910)	191,600,431
Statement of profit or loss and other comprehensive income (extract)			
Increase in impairment expense	(200,084,349)	(4,021,910)	(204,106,259)
Loss before income tax expense from continuing operations	(190,161,003)	(4,021,910)	(194,182,913)
Loss after income tax expense for the year	(193,772,737)	(4,021,910)	(197,794,647)
Total comprehensive loss for the year	(174,404,076)	(4,021,910)	(178,425,986)
Loss after income tax expense for the year is attributable to:			
Owners of Donaco International Limited	(193,992,693)	(4,021,910)	(198,014,603)
Total comprehensive loss from continuing operations for the year is attributable to:			
Owners of Donaco International Limited	(174,624,032)	(4,021,910)	(178,645,942)

DONACO INTERNATIONAL LIMITED
Directors' declaration
30 June 2020

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 2020 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 Porntat Amatavivadhana
Chairman

30 October 2020
Sydney

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Independent Auditor's Report to the Members of Donaco International Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Donaco International Limited (the Company) and its subsidiaries (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of consolidated entity is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity's current liabilities exceeded its current assets by $54,624,489 as at 30 June 2020. The consolidated entity recorded a net loss after tax of $58,873,619 and net operating cash outflows of $3,211,922 for the year ended on that date. As stated in Note 1, the directors have prepared the 30 June 2020 financial report on a going basis and have been taking actions to address these financial positions. Should the events or actions set forth in Note 1 not eventuate, it may result in a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of intangible assets (Note 13)

Key Audit Matter	How we addressed the key audit matter
The consolidated entity recorded a casino licence asset of $27.5 million as at 30 June 2020. The licence is classified as an intangible asset with indefinite useful life and is subject to annual impairment assessment. Impairment of $50.3 million was recognised in the statement of profit or loss and other comprehensive income for the year based on impairment assessments performed as at 31 December 2019 and 30 June 2020. The impairment assessment of the intangible asset is a key audit matter because of the complexity and subjectivity involved, including key assumptions made.	Our audit procedures included, amongst others, the following: • Assessed management's determination of the cash generating unit ("CGU") and the CGU's carrying value. • Assessed reasonableness of cash flow forecasts by comparing the base year in the forecast calculation to the current period's actual results. • Assessed the appropriateness of the currency used in the model. The cash flow forecast is calculated in the Thai Baht (THB) and translated to the US Dollar (USD) at the valuation date, and subsequently translated into the Australian Dollar (AUD). • Together with our valuation specialists, assessed reasonableness of the key assumptions used, being revenue growth rate, discount rate, and terminal growth rate. • Together with our valuation specialists, tested the mathematical accuracy and components of the model that supports the impairment assessment. • Checked the sensitivity of the impairment assessment by focusing on the discount rate. • Evaluated the adequacy of the judgments and sources of estimation uncertainty disclosures in the consolidated financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity’s Annual Report for the year ended 30 June 2020, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the consolidated entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the consolidated entity financial report. The auditor is responsible for the direction, supervision and performance of the consolidated entity audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in pages 12 to 20 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Donaco International Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Crowe Sydney

Crowe Sydney

Suwarti Asmono
Partner

30 October 2020
Sydney

DONACO INTERNATIONAL LIMITED
Shareholder information
30 June 2020

The shareholder information set out below was applicable as at 26 October 2020.

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	323
1,001 to 5,000	374
5,001 to 10,000	231
10,001 to 100,000	621
100,001 and over	292
	1,841

Equity security holders

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

	Ordinary Shares	
	Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	271,112,551	21.95%
ON NUT ROAD LIMITED	158,574,603	12.84%
TECHATUT SUKCHAROENKRAISRI	149,051,830	12.07%
BHUVASITH CHAIARUNROJH	149,051,830	12.07%
CITICORP NOMINEES PTY LIMITED	92,441,521	7.48%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	77,916,452	6.31%
MR TECK LEE PATRICK TAN	38,232,459	3.09%
BNP PARIBAS NOMINEES PTY LTD<IB AU NOMS RETAILCLIENT DRP>	30,614,059	2.48%
BNP PARIBAS NOMS PTY LTD<DRP>	22,305,587	1.81%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,247,274	1.48%
MONEX BOOM SECURITIES (HK) LTD<CLIENTS ACCOUNT>	13,918,946	1.13%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	13,314,968	1.08%
BNP PARIBAS NOMS PTY LTD<UOB KH P/L AC UOB KH DRP>	9,421,736	0.76%
TA SECURITIES HOLDINGS BERHAD	7,958,276	0.64%
LAZARUS SECURITIES PTY LTD	7,446,843	0.60%
MR MACIEJ TOMCZAK	7,269,716	0.59%
BNP PARIBAS NOMS PTY LTD<UOB KAY HIAN PRIV LTD DRP>	6,711,532	0.54%
MR TIMOTHY JOHN EAKIN<ESTATE LATE VJA FLYNN A/C>	6,000,000	0.49%
BNP PARIBAS NOMS(NZ) LTD<DRP>	5,645,000	0.46%
HATIM TAIY PTY LIMITED<V J A FLYNN SETTLEMENT A/C>	5,616,500	0.45%
MR HUY DINH TRAN<TRAN FAMILY A/C>	3,900,000	0.32%
	1,094,751,683	88.62%

Unquoted equity securities

	Number on issue
Employee options	-
Warrants	-

DONACO INTERNATIONAL LIMITED
Shareholder information
30 June 2020

Substantial holders

Substantial holders in the company are set out below:

	Ordinary Shares	
	Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	271,112,551	21.95%
ON NUT ROAD LIMITED	158,574,603	12.84%
BHUVASITH CHAIARUNROJH	149,051,830	12.07%
TECHATUT SUKCHAROENKRAISRI	149,051,830	12.07%
CITICORP NOMINEES PTY LIMITED	92,441,521	7.48%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	77,916,452	6.31%

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.

DONACO INTERNATIONAL LIMITED
Corporate directory
30 June 2020

Directors	Stuart James McGregor - Non-Executive Chairman (removed 29 November 2019) Norman Mel Ashton - Non-Executive Chairman (appointed 9 December 2019, resigned 2 September 2020) Paul Porntat Amatavivadhana - Non-Executive Chairman (effective 2 September 2020) (appointed Non-Executive Director 3 August 2020) Joey Lim Keong Yew - Non-Executive Director (removed 18 July 2019) Benedict Paul Reichel - Executive Director (resigned 29 November 2019) Benjamin Lim Keong Hoe - Non-Executive Director (removed 18 July 2019) David John Green - Non-Executive Director (removed 29 November 2019) Yan Ho Leo Chan - Executive Director (effective 11 February 2020) (appointed Non-Executive Director 12 August 2019) Kurkye Wong - Executive Director (effective 11 February 2020) (appointed Non-Executive Director 12 August 2019) Yugo Kinoshita - Non-Executive Director (appointed 14 August 2019, removed 29 November 2019) Roderick John Sutton - Non-Executive Director (appointed 29 November 2019) Simon Vertullo - Non-Executive Director (appointed 9 December 2019, resigned 2 September 2020) Lee Bug Huy - Non-Executive Director (appointed 3 August 2020) Andrew Phillips - Non-Executive Director (appointed 2 September 2020) Issaraya Intrapaiboon - Non-Executive Director (appointed 2 September 2020)
Company secretary	Marika Jane White (appointed 12 February 2020)
Notice of annual general meeting	The Annual General Meeting of Donaco International Limited will be held on ____November 2020 at Level 5 126 Phillip Street Sydney NSW 2001 Commencing at 2:30pm (Sydney time)
Registered office	Level 18 420 George Street Sydney NSW 2000 Australia
Principal place of business	Level 18 420 George Street Sydney NSW 2000 Australia
Share register	Automic Level 5 126 Phillip Street Sydney NSW 2001 +61 2 9698 5414
Auditor	Crowe Sydney Level 15 1 O'Connell St Sydney NSW 2000
Stock exchange listing	Donaco
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".