

DONACO INTERNATIONAL LIMITED

ABN 28 007 424 777

Full Year Statutory Accounts

30 June 2024

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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 43
25 Martin Place
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 26 September 2024. The directors have the power to amend and reissue the financial statements.

From the Chairman

Dear fellow shareholders,

Following a successful turnaround in FY23, Donaco has continued to grow over the past twelve months. We are pleased to announce that Donaco has made steady progress during the financial year and achieved a group EBITDA of AU\$22.2 million, more than doubling from AU\$9.6 million in FY23.

Our DNA Star Vegas (Star Vegas) business in Cambodia has continued to improve in FY24. The asset delivered FY24 revenue of AU\$25.7 million from FY23 revenue of AU\$19.9 million, and EBITDA of AU\$16.7 million from AU\$10.8 million in FY23. Aristo International Hotel (Aristo) in Vietnam recorded FY24 revenue of AU\$13.9 million from AU\$4.4 million in FY23, and EBITDA of AU\$8.4 million from AU\$1.5 million in FY23. This resulted in our group achieving FY24 total revenue of AU\$39.5 million compared to AU\$24.3 million in FY23.

For the financial year, Donaco reported a statutory net profit after tax of AU\$37.0 million. This profit included Aristo's asset impairment reversal of AU\$19.8 million, non-recurring other income of AU\$4.1 million, and AU\$0.1 million late payment penalties on tax. Excluding these factors, our net profit after tax is AU\$13.3 million for the financial year.

Overall, Donaco recorded FY24 total EBITDA of AU\$22.0 million, a substantial increase from prior year's EBITDA of AU\$9.6 million. The group recorded total positive operational cash flow of AU\$15.0 million, an improvement on FY23's operational cash flow of AU\$11.3 million. Additionally, we ended the year with a solid cash and cash equivalents balance of AU\$29.3 million as of 30 June 2024.

As we move forward, Donaco will continue to focus on keeping the momentum in recovering Donaco's business while staying vigilant on the ongoing trends and developments shaping the business, including Aristo unredeemed chip tax matter.

On behalf of the Board, I thank you for your ongoing support of Donaco.



Porntat Amatavivadhana
Chairman

From the Chief Executive Officer

Dear Shareholders,

FY24 was an exciting year for us, as Donaco returned to positive Group EBITDA of AU\$9.6 million in FY23 and continued to recover business in FY24, increasing to AU\$22.2 million EBITDA. The group revenue increased to AU\$39.5 million in FY24 compared to AU\$24.3 million in FY23.

Our efforts to capture the impact of local government tourism programs came to fruition in FY24. Donaco has seen an increase in visitation across Star Vegas and Aristo in FY24, following the end of restrictions imposed during the pandemic and the resumption of international travel. The performance across the operations in FY24 has improved significantly compared to FY23. In FY24, Star Vegas implemented a loyalty program to retain visitors, continued to work with tour groups, and ongoing events and promotions to attract visitors. The impact of the tourism programs is evident for Aristo, as the only 5-star hotel in Lao Cai with a casino operation.

Our focus in FY25 is to continue to recover operation capacity and bring high-quality entertainment experiences to the visitors while being cost-effective. Due to the continued increase in visitation numbers, Aristo will be fully operational 24 hours a day, starting from August 2024, an increase from 18 hours. Furthermore, Aristo plans to add new slot machines in FY25 to improve visitors' gaming experience.

Given the momentum we are seeing across the operations, we are increasingly confident with a positive outlook for FY25.



Lee Bug Huy
Group Chief Executive Officer

DONACO INTERNATIONAL LIMITED
ABN 28 007 424 777
30 June 2024

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 'Donaco', the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

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

Pornrat Amatavivadhana
Lee Bug Huy
Roderick John Sutton
Andrew Phillips
Issaraya Intrapaboon

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 2024 (2023: Nil).

Review of operations and financial results

Result Highlights

Net profit after tax attributable to owners of the Company of \$37,062,355 in FY24 is up from net loss after tax of \$36,749,719 in FY23, primarily due to an improvement in performance as a result of easing border restrictions that were imposed during the pandemic, the implementation of the loyalty program for Star Vegas and the implementation of tourism programs to promote travel within Asia. The continuing improvement in performance has subsequently led to an impairment reversal of \$19,818,670 during the year (impairment charge of \$26,739,077 in FY23). Revenue at Star Vegas and Aristo improved substantially in FY24. The earnings before interest, tax depreciation, amortisation and impairment (EBITDA) of the consolidated entity for the year was \$22,196,290, compared to EBITDA reported in FY23 of \$9,614,093, which indicates a substantial improvement in the consolidated entity's operating and financial performance over the year. This is due to an increase in operating hours and patronage in the casinos as well as prudent financial management.

	2024 \$	2023 \$
Group Revenue		
Star Vegas revenue	25,666,569	19,924,284
Aristo revenue	13,864,334	4,403,144
Corporate revenue	208	52
	<u>39,531,111</u>	<u>24,327,480</u>
Group EBITDA		
Star Vegas	16,666,900	10,815,391
Aristo	8,441,262	1,525,103
Corporate	<u>(2,911,872)</u>	<u>(2,726,401)</u>
	22,196,290	9,614,093
Depreciation and amortisation	(6,535,293)	(7,331,105)
Asset impairment reversal / (expense)	19,818,670	(26,739,077)
Non-recurring items	4,102,847	(5,000)
Tax and penalties	(129,466)	(8,958,403)
Net finance costs and exchange losses	<u>(2,133,389)</u>	<u>(2,661,772)</u>
Profit / (loss) before income tax	37,319,659	(36,081,264)
Income tax benefit / (expense)	965,145	(2,333,937)
Profit / (loss) after income tax	<u>38,284,804</u>	<u>(38,415,201)</u>
Profit / (loss) after income tax attributable to:		
Attributable to non-controlling interest	1,222,449	(1,665,482)
Attributable to owners of the Company	<u>37,062,355</u>	<u>(36,749,719)</u>
	38,284,804	(38,415,201)
Balance sheet with		
Cash	29,299,453	16,723,912
Borrowings	<u>15,917,640</u>	<u>18,325,650</u>
Net debt	(13,381,813)	1,601,738

Review of operations and financial results (continued)

Venue Performances

Star Vegas - FY24 v FY23

- Net Gaming Revenue up 29% to AU\$23,558,576 (2023: AU\$18,225,780)
- Non-Gaming Revenue up 24% to AU\$2,107,993 (2023: AU\$1,698,504)
- EBITDA up 54% to AU\$16,666,900 (2023: AU\$10,815,391)

Over the year, Star Vegas recorded total revenue of AU\$25,666,569 and EBITDA of AU\$16,666,900, primarily due to higher average daily visitation rates following the easing of border restrictions and the return of international travel as well as the implementation of a membership loyalty program in January 2024.

Aristo International Hotel - FY24 v FY23

- Net Gaming Revenue up 240% to AU\$9,625,168 (2023: AU\$2,829,470)
- Non-Gaming Revenue up 169% to AU\$4,238,322 (2023: \$1,573,335)
- EBITDA up 453% to AU\$8,441,262 (2023: \$1,525,103)
- Impairment reversal of AU\$19,818,670 (2023: impairment charge of \$22,244,857)

Aristo recorded total revenue of AU\$13,864,334 and EBITDA of AU\$8,441,262 in FY24. VIP turnover in FY24 increased 182% from FY23, reflecting the continued rebound in gaming operations. The rapid growth in casino visitors also enabled Aristo to grow its room occupancy to 60% in FY24 from 30% in FY23. This significant growth demonstrates the operation's continued ability to attract visitors. Substantial improvement in operating performance has led to the reversal of previous impairments on the assets of the Company.

Balance sheet and capital management

At 30 June 2024, the consolidated entity recorded net assets of \$153,202,773 (2023: \$120,665,482) and net current liabilities of \$9,133,642 (2023: \$34,057,679). Its net operating cash inflow for the year ended 30 June 2024 was \$15,030,413 (2023: \$9,584,630). The continuing improvement in performance of the casinos in FY2024 has resulted in the reversal of impairment charge for Aristo (2023: impairment charge of \$22,244,857) and no impairment charge for DSV this year (2023: impairment charge of \$4,494,220). Increased visitations to both casinos have also led to increased revenue and improved cash flows from operating activities, which have resulted in a strengthening of Donaco's balance sheet as at 30 June 2024.

The improved cash flows from operating activities during the year have enabled the consolidated entity to make repayments during the year on its shareholder loan from Mr Lee Bug Huy, the current Chief Executive Officer and Executive Director. As at 30 June 2024, AU\$15,917,640 had been drawn down, leaving an unutilised portion of AU\$3,406,031 of the unsecured loan facilities held with Mr Lee Bug Huy. While the consolidated entity's cash balance of \$29,299,453 as at 30 June 2024 (2023: \$16,723,912) exceeds its shareholder loan balance, the lender has provided a letter of financial support to Donaco which states that he will not withdraw or call upon the loan should it affect any creditors of the Company and its subsidiaries in a detrimental way. Such financial support is provided for the foreseeable future covering a minimum period of 24 months from the date of issue of the financial statements for the 12 months ended 30 June 2024.

Material business risks

The Board of Directors is committed to monitoring and mitigating business risks faced by the business, including the following key risks that have the potential to materially impact its material prospects:

(i) Competition risk

The Company could encounter challenging business conditions due to competition risk. While it currently enjoys a minimal competitive landscape as the only casino in the Lao Cai province, there are several other casinos in the broader area of Poipet, Cambodia, where the DSV casino operation is located.

To remain competitive, the Company continuously evaluates and manages this risk through employing differentiation strategies, with a focus on enhancing the leisure and gaming experiences for visitors.

Additionally, the Company actively monitors developments in the region that could aid in reducing this risk.

(ii) The impacts of neighbouring countries on gambling

The attitudes and policies of neighbouring countries toward gambling may pose challenges for the Company, particularly with respect to China and Thailand. China, in particular, is likely to view its residents gambling abroad unfavourably. Although the company has not encountered any restrictions on border crossings, it will continue to actively monitor and manage this risk. Thailand has recently introduced a bill aimed at legalising casinos within large entertainment complexes, which the company is currently evaluating how this legislation could impact its casino operations.

(iii) Casino license restrictions and changes to tax legislation

The restrictions associated with casino licences may impact the Company's profitability, as the current licences prohibit local residents from gambling at the venues. To mitigate this risk, the company strategically targets tour groups and non-local visitors.

Any amendments to tax legislation could negatively impact the Company's operational and financial performance. The Company proactively manages this risk by diligently monitoring and evaluating any potential implications of any changes in tax legislation that could occur.

Review of operations and financial results (continued)

Material business risks (continued)

(iv) Corporate risks

The Company manages a number of corporate risks such as safety, recruitment and retention of key employees, tax, foreign exchange, purchasing and procurement, potential lower than anticipated return on capital invested and potential lower underlying earnings. All the aforementioned risks are managed through the Company's Risk Management Policy which includes review and monitoring by the ARC and the Board.

(v) Regulatory risks

The regulatory framework in which the Company operates is not only complex but also subject to change from time to time, which may impact the environment in which the Company operates. Over the past financial year, there has also been continued focus on regulatory oversight of casino operators in Cambodia and Vietnam. Regulatory risk is mitigated by close monitoring of the evolving regulatory landscape, including maintaining frequent and transparent engagement with the governments and regulators in the jurisdictions in which the Company operates and with industry stakeholders to ensure that expectations are met and high standards of compliance are maintained.

All the aforementioned risks are managed through the Company's Risk Management Policy which includes review and monitoring by the Audit and Risk Management Committee and the Board.

(vi) Political and compliance risks

The Company must comply with a range of statutory requirements in multiple jurisdictions. Risk of non-compliance arises from changes to fiscal or regulatory regimes, adverse changes to tax laws, difficulties in interpreting or complying with local laws, material differences in sustainability standards and practices, or changes to existing political, judicial or administrative policies and changing community expectations.

The Company seeks to manage and minimise this risk through its existing risk management framework.

(vii) Social impacts of gambling

Gambling can lead to moral and social implications. To address this risk, the company does not offer credit facilities to visitors and in compliance to the restrictions of its casino licences, prohibits local residents from gambling at its establishments.

(viii) Climate risk

Environmental sustainability is a key focus of the company's operations. The Company recognises that climate change may negatively impact business and in doing so, actively encourages both staff and visitors to conserve water and to turn off power when not in use, at its venues.

The Company has implemented a Hotel Room Key Tag System that automatically shuts off non-essential electrical devices—such as heating, air conditioning, lighting, radios, and televisions—when guests leave their rooms. In the event of a water shortage, the Company maintains several large water tanks that can support operations for multiple days. In addition, a contingency plan is in place for any electricity shortages, with a substantial uninterruptible power supply and a large generator to provide necessary support when required.

(ix) Anti-bribery and corruption

The Company operates in an industry which presents high money-laundering risks and in jurisdictions with varying degrees of political, economic and judicial stability, which also exposes the Company to the risk of bribery and corruption.

The Company has a clear Anti-Bribery and Anti-Corruption Policy and internal controls and procedures in place to protect against such risks. However, there can be no assurances that such controls, policies and procedures will absolutely protect the Company from potentially improper or criminal acts.

(x) Liquidity and solvency

The Company's ability to achieve its business objectives is dependent on it being able to effectively manage its liquidity and solvency throughout a period of no and/or significantly diminished revenue and earnings. There is significant complexity related to managing those matters, and the Company's ability to demonstrate fiscal resilience during these times is critical to maintaining long term investor and regulatory confidence.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties and maintaining transparent relationships with its lenders.

Given the cautious economic outlook and the ongoing regulatory focus, the Company continues to adopt a conservative approach to capital management.

(xi) Loss of casino licence

A significant disruption to operations would arise through the suspension, cancellation or expiry of any of the Company's casino licences, which would have a significant negative impact.

The Company has mitigated this risk by maintaining a robust compliance culture and practices to ensure compliance with licence conditions and gaming legislation and regulations, and maintaining engagement with the governments and regulators in each jurisdiction in which the Company operates.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Additional funding

In July 2024, a repayment of US\$1,700,000 (AU\$2,566,490 as at 30 June 2024 spot rate) was made in relation to the shareholder loan, with a subsequent draw down of the same amount made in the same month. The unutilised portion of the additional loan facility entered into on 2 May 2022 is US\$2,256,155 (AU\$3,406,031 as at 30 June 2024 spot rate).

Lao Cai tax collections and penalties

On 9 July 2024, Lao Cai received Decision No. 1593/QD-BTC from the Vietnamese General Department of Taxation (GDT) in response to the appeal that Lao Cai submitted in September 2023, regarding the tax payable for floating chips of approximately VND 149,300,000,000 (approximately AU\$8,857,906 as at 30 June 2024 spot rate). In this latest decision, the GDT has rejected the appeal and Lao Cai has proceeded to lodge a complaint with the local court. In the event that Lao Cai fails to have the decision overturned, it will be liable to pay approximately VND 149,300,000,000 (approximately AU\$8,857,906 as at 30 June 2024 spot rate) of additional value-added tax, special sale tax, associated fines and additional income tax expense which have already been recognised (see notes 6 and 14).

No other matter or circumstance has arisen since 30 June 2024 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 one of the largest and highest quality of the Poipet casino hotels. The property has 39 gaming tables, 514 slot machines and 385 hotel rooms.

The Siem Reap Angkor International Airport, which opened in Siem Reap, Cambodia in October 2023, are currently in discussions with six airlines from China, South Korea and India for potential direct connections between these countries and the Siem Reap province starting between October 2024 and March 2025. These closer economic ties and potential direct flights would facilitate travel and boost tourism in the province, and potentially result in increased visitation to DNA Star Vegas (DSV) as well.

The DSV casino in Cambodia continues to operate stably during the year ended 30 June 2024. While a potential junket deal did not materialise as forecast during the year, DSV remains open to junkets. There has been an increase in business activities, likely due to the new member loyalty program and ongoing promotions. Management also continues to explore additional quality tour groups as well as to hold promotion activities during festive seasons to bring in more tourists to the premises. The Cambodian government is undertaking a US\$78 million (AU\$117.8 million as at the 30 June 2024 spot rate) investment for a city-wide project to further develop Poipet City into a more attractive destination for the growing number of residents and tourists passing through the region. The project aims to evolve the city into a vibrant and sustainable destination for residents, tourists and businesses. Management believes that this development would generate flow-on positive impact for DSV operations through increased patronage as the development progresses.

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.

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

Due to an improvement in Lao Cai's operating performance and increased visitation, operating hours have been extended to 18 hours per day from 16 hours since the beginning of October 2023, and have been further extended to 24 hours a day from 1 August 2024. The People's Committee of Lao Cai province has also implemented a strategic framework for tourism development in the Lao Cai province, with a strategy in place to 2030 to attract more tourists. Management believes this will continue to help bolster visitors to Lao Cai.

Donaco will also continue to refine its focus on maximising operational efficiencies across both Lao Cai and DSV operations, as well as practising prudent financial management to maintain healthy cash balances.

Environmental regulations

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

Information on directors

Name: Title: Experience and expertise:	Pornrat Amatavivadhana Non-Executive Chairman 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.
Special responsibilities: Other current directorships: Former directorships (last 3 years): Interests in shares: Interests in Options:	None Sansiri Plc (BKK: SIRI) None 3,355,405 ordinary shares None
Name: Title: Experience and expertise:	Lee Bug Huy (Techatut Sukcharoenkraisri) Executive Director Mr Lee 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 (previously appointed on 1 July 2015). Mr Lee holds a BSc majoring in Chemical Engineering.
Special responsibilities: Other current directorships: Former directorships (last 3 years): Interests in shares: Interests in Options:	Chief Executive Officer None None 260,451,476 ordinary shares None
Name: Title: Experience and expertise:	Roderick John Sutton Non-Executive Director 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.
Special responsibilities: Other current directorships: Former directorships (last 3 years): Interests in shares: Interests in Options:	Chair of the Audit & Risk Management Committee, Member of the Nominations, Remuneration & Corporate Governance Committee None None 1,539,000 ordinary shares None
Name: Title: Experience and expertise:	Andrew Guy Phillips Independent Non-Executive Director 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.
Special responsibilities: Other current directorships: Former directorships (last 3 years): Interests in shares: Interests in Options:	Chair of the Nominations, Remuneration & Corporate Governance Committee and member of the Audit & Risk Management Committee Lithium Power International Ltd (ASX: LPI) None None None

Information on directors (continued)

Name:	Issaraya Intrapaboorn
Title:	Non-executive director
Experience and expertise:	Mr Intrapaboorn 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.
Special responsibilities:	Member of the Audit & Risk Management Committee and the Nominations, Remuneration & Corporate Governance Committee
Other current directorships:	None
Former directorships (last 3 years):	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 Joan Dabon as of 19 September 2023. Prior to this, the company secretary was Mr Hasaka Martin. Ms Dabon is a Chartered Secretary with Source Governance and has over 7 years' experience in providing company secretarial and corporate advisory services to listed companies across a variety of sectors.

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 2024, 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
Roderick John Sutton	9	9	8	8	2	2
Lee Bug Huy	9	9	-	-	-	-
Porntat Amatavivadhana	8	9	-	-	-	-
Andrew Phillips	9	9	8	8	2	2
Issaraya Intrapaboorn	9	9	8	8	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 FY24, 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 third KPI above was met while the first two and the fourth KPIs above were not satisfied for FY24.

Remuneration report (audited) (continued)

Executive Summary (continued)

For long-term incentives in FY24, 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.

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.

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.

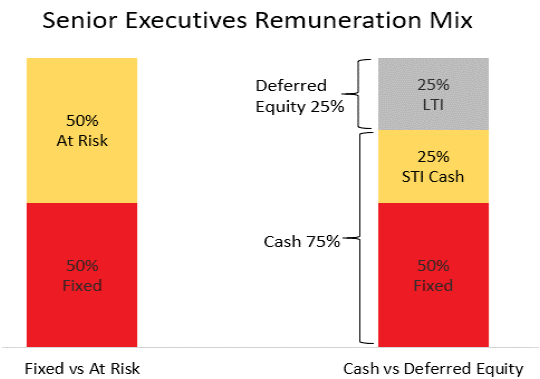
Executive remuneration

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 FY24, 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 AUD23.6 million (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 THB676.6 million (25%).
3. Achievement of the budgeted revenue target for the Aristo property, in Chinese Renminbi terms. The applicable revenue target was RMB59.1 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.

The third KPI above was met while the first two and the fourth KPIs above were not satisfied for FY24.

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.

During FY24 and FY23, 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.

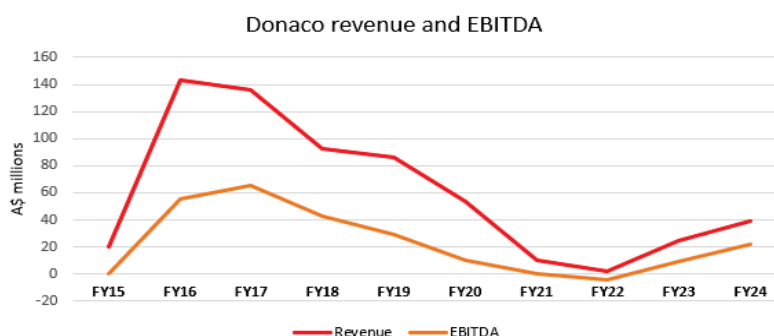
Relationship between remuneration policy and company performance

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.

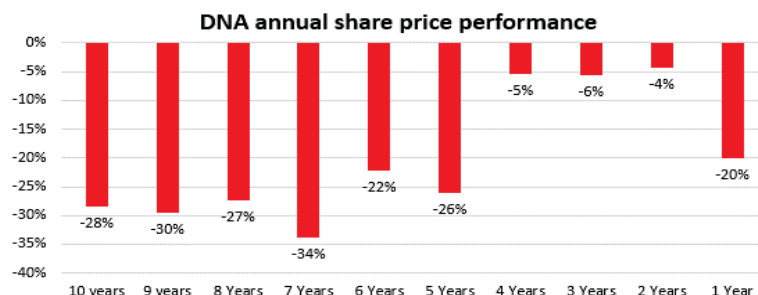
Remuneration report (audited) (continued)

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

Over the six-year period from FY15 to FY20, 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. The COVID-19 pandemic adversely affected revenue and EBITDA in the FY21 and FY22 years, which resulted in a minimal increase in average growth rates over the eight-year period to FY22. The rollout of vaccines and decline in infection rates led to the gradual resumption of casino operations throughout FY23 and FY24, as international borders reopened and travel resumed. This has resulted in an improvement in the average growth rate for revenue and EBITDA over the nine-year period to FY24, of 7.62% and 50.80% respectively. No dividends have been paid in the last 5 years.



Donaco's share price has been declining, 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 (which have since been settled), and also as a result of the COVID-19 pandemic. The share price improved in FY23, reflecting the resumption of operations and international travel following the end of the restrictions imposed during the pandemic however has declined in FY24.



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 FY24 did not meet the criteria, 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 2023 and 30 June 2024.

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:

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

And the following person:

- Gordon Lo - Chief Financial Officer

Remuneration report (audited) (continued)

Details of remuneration (continued)

	Short-term benefits			Post employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Termination payment	Bonus	Super	Leave entitlements	Equity-settled	Total
2024	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Roderick Sutton	120,000	-	-	-	-	-	120,000
Porntat Amatavivadhana	120,000	-	-	-	-	-	120,000
Andrew Phillips	132,600	-	-	-	-	-	132,600
Issaraya Intrapaiboon	120,000	-	-	13,200	-	-	133,200
<i>Executive Directors:</i>							
Lee Bug Huy	300,000	-	-	-	-	-	300,000
<i>Other Key Management Personnel:</i>							
Gordon Lo	275,119	-	21,842	3,511	-	-	300,472
	1,067,719	-	21,842	16,711	-	-	1,106,272

The executives do not need to meet all KPIs in order to receive short-term incentives. Even though one of the KPIs for short-term incentives was met, the executives forfeited all or the majority of their short term incentive, and also forfeited all of their long term incentive. The bonus paid to Gordon Lo in FY24 was a discretionary bonus approved by the Group Chief Executive Officer and was not linked to his KPIs. His KPI-related short-term incentives were forfeited during the year.

No bonus amounts were accrued to directors and key management personnel in FY24 for performance during FY24.

	Short-term benefits			Post employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Termination payment	Bonus	Super	Leave entitlements	Equity-settled	Total
2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Roderick Sutton	120,000	-	-	-	-	-	120,000
Porntat Amatavivadhana	120,000	-	-	-	-	-	120,000
Andrew Phillips	132,600	-	-	-	-	-	132,600
Issaraya Intrapaiboon	120,000	-	-	12,600	-	-	132,600
<i>Executive Directors:</i>							
Lee Bug Huy	300,000	-	-	-	-	-	300,000
<i>Other Key Management Personnel:</i>							
Gordon Lo	267,307	-	99,495	3,411	-	-	370,213
	1,059,907	-	99,495	16,011	-	-	1,175,413

The bonus above was paid during FY23 and relates to performance for the period 1 January 2022 to 31 December 2022.

No bonus amounts were accrued to directors and key management personnel in FY23 for performance during FY23.

Remuneration report (audited) (continued)

Details of remuneration (continued)

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
Roderick Sutton	100%	100%	0%	0%	0%	0%
Porntat Amatavivadhana	100%	100%	0%	0%	0%	0%
Andrew Phillips	100%	100%	0%	0%	0%	0%
Issaraya Intrapai boon	100%	100%	0%	0%	0%	0%
<i>Executive Directors:</i>						
Lee Bug Huy	100%	100%	0%	0%	0%	0%
<i>Other Key Management Personnel:</i>						
Gordon Lo	93%	73%	7%	27%	0%	0%

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

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2024	2023	2024	2023
<i>Other Key Management Personnel:</i>				
Lee Bug Huy	0%	0%	100%	100%
Gordon Lo	0%	100%	100%	0%

Criteria for performance-based remuneration

The 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.

The LTI program is designed to align senior executive remuneration with shareholder interests and consists of restricted shares purchased on market. The LTI program allows for an award of a maximum of 50% of base salary in the form of restricted shares. LTI awards are made on an annual basis, subject to achievement of applicable KPIs.

For performance during FY24, 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. The relevant criteria for the award of restricted shares relate to the achievement of budgeted EBITDA targets for the consolidated entity.

There were no share options granted or forfeited during the year (2023: nil).

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, as summarised below.

Component	Chief Executive Officer	Chief Financial Officer	Non-Executive Directors
Fixed remuneration	AU\$300,000	AU\$262,214 (HK\$1,344,000)	Range between AU\$120,000 and AU\$132,600
Non-fixed remuneration	May be entitled to participate in the Company's executive incentive plan, subject to meeting KPIs in accordance with short-term and long-term incentive schemes. Any bonus is at the Company's discretion.	May be entitled to earn up to HK\$525,000 per annum, subject to meeting KPIs in accordance with short-term and long-term incentive schemes. Any bonus is at the Company's discretion.	In accordance with the Constitution remuneration may consist of salary, bonuses or any other elements, but must not be a commission on or a percentage of profits or operating revenue.
Contract duration	Ongoing contract	Ongoing contract	Ongoing contract
Notice period	6 months	3 months	None
Termination of employment	Immediate termination for reasons such as wilful neglect of duties, serious misconduct or acting in a manner that may injure the reputation or interests of the Group. No termination payment due, apart from amount payable in lieu of unworked portion of notice period.	Immediate termination in the case of wilful neglect of duties or serious misconduct. No termination payment due, apart from amount payable in lieu of unworked portion of notice period.	Immediate termination if any disqualifying event per the constitution occurs, such as bankruptcy, becoming of unsound mind or failure to attend Board meetings for a continuous period of 3 months. No termination payment due.

Remuneration report (audited) (continued)

Share-based compensation

Shares

There were no shares granted as part of compensation during the year ended 30 June 2024.

Options

There were no options issued as part of compensation during the year ended 30 June 2024.

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 2024.

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:

	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
<i>Ordinary shares</i>					
Roderick Sutton	1,539,000	-	-	-	1,539,000
Gordon Lo	-	-	-	-	-
Lee Bug Huy	260,451,476	-	-	-	260,451,476
Porntat Amatavivadhana	3,355,405	-	-	-	3,355,405
Andrew Phillips	-	-	-	-	-
Issaraya Intrapai boon	-	-	-	-	-

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 the year:

	Consolidated	
	2024	2023
	\$	\$
Interest expenses on shareholder loan from Mr Lee Bug Huy	1,073,694	1,157,992

The shareholder loan is subject to interest at 6% per annum.

Loans to/from related parties

The following loan balances were held with related parties at year end:

	Consolidated	
	2024	2023
	\$	\$
Shareholder loan from Mr Lee Bug Huy	15,917,640	18,325,650
Interest payable to Mr Lee Bug Huy	2,692,590	1,618,896

Under an annex to the original loan facility agreement that was entered into on 20 September 2023, the original loan facility of US\$7,800,000 (AU\$11,775,660 as at 30 June 2024 spot rate) is due to be repaid by 22 July 2027, six years from the first drawdown, while the additional loan facility of US\$5 million (AU\$7,548,500 as at 30 June 2024 spot rate) is due to be repaid by 13 May 2026, four years from the first drawdown. The lender however may at any time require early repayment with a minimum of one month's prior notice. The lender has provided a letter of financial support to Donaco which states that he will not withdraw or call upon the loan should it affect any creditors of the Company and its subsidiaries in a detrimental way. Such financial support is provided for the foreseeable future covering a minimum period of 24 months from the date of issue of the financial statements for the twelve-months ended 30 June 2024.

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 2024 and up to the date of this report, on the exercise of options granted (2023: 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 24 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 24 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

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20 and forms part of the Director's Report for the year ended 30 June 2024.

BDO Audit Pty Ltd was appointed auditor of the Company effective 24 November 2023 and continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.

Officers of the company who are former partners of BDO Audit Pty Ltd

There are no officers of the company who are former partners of BDO Audit Pty Ltd.

Rounding of amounts

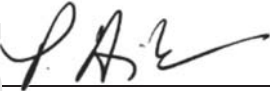
Donaco International Limited is an entity to which the Australia Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (ASIC Instrument 2016/191) applies. Amounts in this report have been rounded to the nearest dollar in accordance with ASIC Instrument 2016/191.

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

26 September 2024
Sydney

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

As lead auditor of Donaco International Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'Clayton Eveleigh', is written over a faint, light blue circular stamp.

Clayton Eveleigh
Director

BDO Audit Pty Ltd

Sydney, 26 September 2024

DONACO INTERNATIONAL LIMITED
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

		Consolidated	
	Note	2024	2023
		\$	\$
Revenue	4	39,531,111	24,327,480
Other income	5	4,102,847	-
Total revenue and other income		<u>43,633,958</u>	<u>24,327,480</u>
Expenses			
Food and beverages		(1,280,362)	(947,287)
Employee benefits expense		(8,679,316)	(6,739,423)
Depreciation and amortisation expense	6	(6,535,293)	(7,331,105)
Impairment reversal / (expense)	6	19,818,670	(26,739,077)
Legal and compliance		(785,452)	(586,330)
Marketing and promotions		(650,163)	(975,121)
Professional and consultants		(580,115)	(546,815)
Property costs		(2,808,432)	(1,960,583)
Telecommunications and hosting		(71,258)	(119,977)
Gaming costs		(694,453)	(975,759)
Administrative expenses		(1,554,926)	(1,761,257)
Net loss on foreign exchange		(444,083)	(300,208)
Other expenses		(229,291)	(105,444)
Taxation fines and penalties	6	(129,466)	(8,958,403)
Finance costs	6	(1,690,359)	(2,361,955)
Total expenses		<u>(6,314,299)</u>	<u>(60,408,744)</u>
Profit / (loss) before income tax benefit / (expense)		37,319,659	(36,081,264)
Income tax benefit / (expense)	7	965,145	(2,333,937)
Profit / (loss) after income tax benefit / (expense) for the year		38,284,804	(38,415,201)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(5,747,513)	5,188,214
Other comprehensive (loss) / income for the year, net of tax		(5,747,513)	5,188,214
Total comprehensive income / (loss) for the year		<u>32,537,291</u>	<u>(33,226,987)</u>
Profit / (loss) for the year is attributable to:			
Non-controlling interest		1,222,449	(1,665,482)
Owners of Donaco International Limited		37,062,355	(36,749,719)
		<u>38,284,804</u>	<u>(38,415,201)</u>
Total comprehensive income / (loss) for the year is attributable to:			
Non-controlling interest		1,222,449	(1,665,482)
Owners of Donaco International Limited		31,314,842	(31,561,505)
		<u>32,537,291</u>	<u>(33,226,987)</u>
Earnings / (loss) per share for profit / (loss) attributable to the owners of Donaco International Limited		Cents	Cents
Basic earnings / (loss) per share	31	3.00	(2.98)
Diluted earnings / (loss) per share	31	3.00	(2.97)

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 2024

	Note	Consolidated 2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	8	29,299,453	16,723,912
Trade and other receivables		297,362	133,718
Inventories	9	967,519	613,028
Other current assets	10	650,021	406,575
Total current assets		<u>31,214,355</u>	<u>17,877,233</u>
Non-current assets			
Property, plant and equipment	11	154,587,265	148,862,035
Intangibles (including licences)	12	13,666,701	13,813,889
Construction in progress	13	516,448	350,757
Deferred tax assets		113,657	69,478
Other non-current assets	10	756,569	782,863
Total non-current assets		<u>169,640,640</u>	<u>163,879,022</u>
Total assets		<u>200,854,995</u>	<u>181,756,255</u>
Liabilities			
Current liabilities			
Trade and other payables	14	23,489,414	31,700,850
Lease liabilities	15	16,449	3,802
Borrowings	16	15,917,640	18,325,650
Income tax payable		773,159	1,735,719
Employee benefits	17	151,335	168,891
Total current liabilities		<u>40,347,997</u>	<u>51,934,912</u>
Non-current liabilities			
Trade and other payables	14	23,830	21,038
Lease liabilities	15	7,280,395	9,134,823
Total non-current liabilities		<u>7,304,225</u>	<u>9,155,861</u>
Total liabilities		<u>47,652,222</u>	<u>61,090,773</u>
Net assets		<u>153,202,773</u>	<u>120,665,482</u>
Equity			
Issued capital	18	372,584,126	372,584,126
Reserves	19	37,217,508	46,334,275
Accumulated losses	20	(257,782,669)	(298,214,278)
Equity attributable to the owners of Donaco International Limited		<u>152,018,965</u>	<u>120,704,123</u>
Non-controlling interest		<u>1,183,808</u>	<u>(38,641)</u>
Total equity		<u>153,202,773</u>	<u>120,665,482</u>

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

DONACO INTERNATIONAL LIMITED
Statement of changes in equity
For the year ended 30 June 2024

Consolidated	Note	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2022		372,584,126	41,146,061	(261,464,559)	1,626,841	153,892,469
Loss after income tax for the year		-	-	(36,749,719)	(1,665,482)	(38,415,201)
Other comprehensive income for the year, net of tax		-	5,188,214	-	-	5,188,214
Total comprehensive loss for the year		-	5,188,214	(36,749,719)	(1,665,482)	(33,226,987)
Balance at 30 June 2023		<u>372,584,126</u>	<u>46,334,275</u>	<u>(298,214,278)</u>	<u>(38,641)</u>	<u>120,665,482</u>
Balance at 1 July 2023		372,584,126	46,334,275	(298,214,278)	(38,641)	120,665,482
Profit after income tax for the year		-	-	37,062,355	1,222,449	38,284,804
Other comprehensive loss for the year, net of tax		-	(5,747,513)	-	-	(5,747,513)
Total comprehensive income for the year		-	(5,747,513)	37,062,355	1,222,449	32,537,291
Transfer of expired employee options to accumulated losses	20	-	(3,369,254)	3,369,254	-	-
Balance at 30 June 2024		<u>372,584,126</u>	<u>37,217,508</u>	<u>(257,782,669)</u>	<u>1,183,808</u>	<u>153,202,773</u>

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

DONACO INTERNATIONAL LIMITED
Statement of cash flows
For the year ended 30 June 2024

Note	Consolidated	
	2024	2023 Restated*
	\$	\$
Cash flow from operating activities		
Receipts from customers	46,837,853	28,138,036
Payments to suppliers and employees	(29,191,174)	(14,757,603)
	<u>17,646,679</u>	<u>13,380,433</u>
Interest received	1,052	391
Interest and other finance costs paid	(172,486)	(50,377)
Government levies, gaming taxes, income taxes and GST	(2,444,832)	(3,745,817)
Net cash flows from operating activities	<u>30(a) 15,030,413</u>	<u>9,584,630</u>
Cash flow from investing activities		
Payments for property, plant and equipment	(331,509)	(134,118)
Proceeds from disposal of property, plant and equipment	-	25,676
Net cash flows used in investing activities	<u>(331,509)</u>	<u>(108,442)</u>
Cash flow from financing activities		
Proceeds from borrowings	30(b) 1,029,578	6,482,025
Repayment of borrowings	30(b) (3,479,302)	(5,760,396)
Payments for principal elements of lease	(7,716)	-
Net cash flows (used in) / from financing activities	<u>(2,457,440)</u>	<u>721,629</u>
Net increase in cash and cash equivalents	12,241,464	10,197,817
Cash and cash equivalents, beginning of the financial year	16,723,912	6,092,656
Effects of exchange rate changes on cash and cash equivalents	334,077	433,439
Cash and cash equivalents at the end of the financial year	<u>8 29,299,453</u>	<u>16,723,912</u>

*See note 30 for details of restatement.

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

DONACO INTERNATIONAL LIMITED
Notes to financial statements
30 June 2024

Note 1. Material accounting policies

The material 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 2024, the consolidated entity recorded net current liabilities of AU\$9,133,642 (2023: \$34,057,679). The consolidated entity recorded a net profit after tax of AU\$38,284,804 (2023: net loss after tax of AU\$38,415,201), which included an impairment reversal of AU\$19,818,670 for the year (30 June 2023: impairment charge of AU\$26,739,077). Net operating cash inflow was AU\$15,030,413 (2023: AU\$9,584,630) for the year ended on that date.

Shareholder loan

Unsecured loan facilities are held with Mr Lee Bug Huy, the current Chief Executive Officer and executive director. As at 30 June 2024, US\$10,543,845 had been drawn down on the loans, leaving an unutilised portion of US\$2,256,155 (AU\$15,917,640 and AU\$3,406,031 respectively as at 30 June 2024 spot rate). Under an annex to the original loan facility agreement that was entered into on 20 September 2023, the original loan facility of US\$7,800,000 (AU\$11,775,660 as at 30 June 2024 spot rate) is due to be repaid by 22 July 2027, six years from the first drawdown, while the additional loan facility of US\$5 million (AU\$7,548,500 as at 30 June 2024 spot rate) is due to be repaid by 13 May 2026, four years from the first drawdown. The lender however may at any time require early repayment with a minimum of one month's prior notice. The lender has provided a letter of financial support to Donaco which states that he will not withdraw or call upon the loan should it affect any creditors of the Company and its subsidiaries in a detrimental way. Such financial support is provided for the foreseeable future covering a minimum period of 24 months from the date of issue of the financial statements for the twelve-months ended 30 June 2024.

Lao Cai

Discussions between Lao Cai and the Vietnamese General Department of Taxation (GDT) in relation to the tax and penalty assessment issued by the GDT in January 2023 over the tax treatment of floating chips for the fiscal years ended 30 June 2019, 30 June 2020 and 30 June 2021 remain in progress. On 9 July 2024, Lao Cai received Decision No. 1593/QD-BTC from the Vietnamese GDT in response to the appeal that Lao Cai submitted in September 2023. In this latest decision, the GDT has rejected the appeal and Lao Cai has proceeded to lodge a complaint with the local court. If the complaint is rejected, the letter of financial support provided by the lender also states that in addition to not withdrawing the loan advance, he will continue to finance the operations of the Group (including the payment of the income tax payables, penalties and interests on Lao Cai of VND 149,300,000,000 (AU\$8,857,906 as at 30 June 2024 spot rate) if the Group is not able to settle the payment when it falls due.

The Board of Directors acknowledge that the above events and conditions give rise to a material uncertainty in relation to the Group's ability to meet its working capital requirements and to continue as a going concern. As disclosed above, the Group's ability to continue as a going concern is dependent on the following:

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

In the event that the above conditions are not satisfied, this could have a material impact on the consolidated entity continuing as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that may be necessary should the Group not continue as a going concern.

New, revised or amending Accounting Standards and Interpretations adopted

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

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2] ("AASB 2021-2")

AASB 2021-2 amends AASB 101 *Presentation of Financial Statements* to require entities to disclose their material rather than their significant accounting policies. To support this amendment, AASB also amended AASB Practice Statement 2 *Making Materiality Judgements* to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* ("AASB 108") clarify how entities should distinguish changes in accounting policies from changes in accounting estimates.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 18 Presentation and Disclosure in Financial Statements ("AASB 18")

AASB 18 was issued in June 2024 and applies to annual reporting periods beginning on or after 1 January 2027. AASB 18 replaces AASB 101 *Presentation of Financial Statements* with consequential amendments made to other accounting standards including AASB 108 which will have its title changed to "Basis of Preparation of Financial Statement". The focus of AASB 18 is on information about financial performance in the statement of profit or loss.

The consolidated entity has not elected to early adopt AASB 18. The impact of AASB 18 is currently being assessed, however it is expected to result in substantial changes to the consolidated statement of profit or loss and will require revisiting mapping of transactions to ensure similar transactions are allocated to the appropriate class in the consolidated statement of profit or loss, amongst other changes.

Other 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 2024. 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.

DONACO INTERNATIONAL LIMITED
Notes to financial statements
30 June 2024

Note 1. Material accounting policies (continued)

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.

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.

Rounding of amounts

The consolidated entity is an entity to which the Australia Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (ASIC Instrument 2016/191) applies. Amounts in this report have been rounded to the nearest dollar in accordance with ASIC Instrument 2016/191.

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 27.

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 2024 and the results of all subsidiaries for the year then ended. Donaco International Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

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

Note 1. Material accounting policies (continued)

Foreign currency translation (continued)

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.

Gaming revenue

Revenue at the playing tables is recognised upon the differences between chips at the closing and chips at the opening of each table plus chips transferred from the playing table to the cage, less chips transferred from the cage to the playing table. Revenue is recognised on a net basis after commission and profit sharing is paid to junket operators.

Revenue from slot machines represents the amount received over the exchange counter less the amount returned to customers and profit-sharing paid.

Non-gaming revenue comprises the following revenue items:

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 at a point in time as 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.

Rental income

Rental income is accounted for on a straight-line method over the lease term.

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.

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.

Note 1. Material accounting policies (continued)

Income tax (continued)

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 realisable 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.

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 the shorter of their expected useful lives or lease term 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.

Note 1. Material accounting policies (continued)

Leases

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.

Lease liabilities are remeasured when there is a modification, a change in the lease term or changes in future lease payments, using a revised discount rate determined as the consolidated entity's incremental borrowing rate at the effective date of the modification.

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 licence

The Group considers casino licences to be intangible assets with indefinite useful lives, on the basis that the licences are renewable every five years indefinitely, subject to the Group continuing to meet all necessary requirements for renewal. 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 licences are recognised in the profit or loss.

Prepaid construction costs

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

Impairment of non-financial assets

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

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

Trade and other payables

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

Borrowings

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

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

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.

Note 1. Material accounting policies (continued)

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.

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.

Note 1. Material accounting policies (continued)

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.

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 considered to have an indefinite useful life, on the basis that it is renewable every five years indefinitely subject to the Group continuing to meet all necessary requirements for renewal. The licence 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 or more frequently if events or changes in circumstances indicate that the licence might be impaired. In the event that the expected future economic benefits are no longer probable of being recovered, the licence is written down to their recoverable amount.

The casino licence was renewed on 19 August 2022, and will expire on 31 December 2026. Following the promulgation of the Law on the Management of Commercial Gambling in November 2020 (the Law), the Royal Government of Cambodia issued on 26 August 2021 Sub-Decree No. 166 on the Minimum Capital Requirement for Casino Operation. This sub-decree sets out the definition of "capital" and the minimum capital requirements for new and existing casino operators in Cambodia, which apply to both stand-alone casinos and casinos within integrated resorts. The minimum capital requirements that apply to DNA Star Vegas are set out in note 12.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether 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 management's estimates of revenue growth, future operating conditions, 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.

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

Under the amended perpetual lease agreement, the lease between Lee Hoe Property Co.,, the landlord of DNA Star Vegas, and the company is for a period of 50 years with an option to extend for another 50 years. However, the extension period of 50 years has not been included in the lease liability and right-of-use asset calculation as it remains uncertain whether the option to renew will be exercised.

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.

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Note 3. Operating segments (continued)

Operating segment information

	Casino Operations Vietnam \$	Casino Operations Cambodia \$	Corporate Operations \$	Total \$
Consolidated - 2024				
Revenue				
Sales to external customers	13,863,490	25,666,569	-	39,530,059
Interest	844	-	208	1,052
Total revenue	13,864,334	25,666,569	208	39,531,111
EBITDA	8,441,262	16,666,900	(2,911,872)	22,196,290
Depreciation and amortisation	(2,727,953)	(3,799,479)	(7,861)	(6,535,293)
Asset impairment reversal	19,818,670	-	-	19,818,670
Interest revenue	844	-	208	1,052
Non-recurring items	-	4,102,847	-	4,102,847
Tax and penalties	(129,466)	-	-	(129,466)
Net exchange (losses) / gains	(659,683)	(278,592)	494,193	(444,082)
Non-controlling interest	(1,222,449)	-	-	(1,222,449)
Finance costs	(348,108)	(526,485)	(815,766)	(1,690,359)
Profit before income tax benefit	23,173,117	16,165,191	(3,241,098)	36,097,210
Income tax benefit	53,406	911,739	-	965,145
Profit after income tax benefit attributable to the owners of Donaco International Limited				37,062,355
Assets				
Segment assets	65,392,886	134,648,638	813,471	200,854,995
Total assets				200,854,995
Liabilities				
Segment liabilities	16,693,739	11,766,664	19,191,819	47,652,222
Total liabilities				47,652,222
Consolidated - 2023				
Revenue				
Sales to external customers	4,402,805	19,924,284	-	24,327,089
Interest	339	-	52	391
Total revenue	4,403,144	19,924,284	52	24,327,480
EBITDA	1,525,103	10,815,391	(2,726,401)	9,614,093
Depreciation and amortisation	(2,829,372)	(4,494,261)	(7,472)	(7,331,105)
Impairment of assets	(22,244,857)	(4,494,220)	-	(26,739,077)
Interest revenue	339	-	52	391
Non-recurring items	-	-	(5,000)	(5,000)
Tax and penalties	(8,958,403)	-	-	(8,958,403)
Net exchange (losses)	(15,305)	(18,709)	(266,194)	(300,208)
Non-controlling interest	1,665,482	-	-	1,665,482
Finance costs	(223,067)	(1,085,278)	(1,053,610)	(2,361,955)
(Loss) before income tax expense	(31,080,080)	722,923	(4,058,625)	(34,415,782)
Income tax expense	(564,070)	(1,769,866)	(1)	(2,333,937)
(Loss) after income tax expense attributable to the owners of Donaco International Limited				(36,749,719)
Assets				
Segment assets	47,355,702	133,976,775	423,778	181,756,255
Total assets				181,756,255
Liabilities				
Segment liabilities	19,170,478	21,481,919	20,438,376	61,090,773
Total liabilities				61,090,773

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2024	2023	2024	2023
	\$	\$	\$	\$
Australia	-	-	12,447	3,657
Vietnam	13,863,490	4,402,805	53,572,414	39,919,913
Cambodia	25,666,569	19,924,284	116,055,779	123,955,452
	<u>39,530,059</u>	<u>24,327,089</u>	<u>169,640,640</u>	<u>163,879,022</u>

Major customers

There was no single external customer that contributed 10% or more of the consolidated entity's revenue during 2024 and 2023.

Note 4. Revenue

	Consolidated	
	2024	2023
	\$	\$
<i>Sales revenue</i>		
Casino and hotel		
Gaming revenue	33,183,744	21,055,250
Non-gaming revenue	6,346,315	3,271,839
Interest	1,052	391
Revenue	<u>39,531,111</u>	<u>24,327,480</u>

Gaming revenue represents net house takings arising from casino operations.

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

Disaggregation of revenue

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

	Casino Operations Vietnam	Casino Operations Cambodia	Corporate Operations	Total
	\$	\$	\$	\$
Consolidated - 30 June 2024				
Revenue				
Gaming revenue	9,625,168	23,558,576	-	33,183,744
Non-gaming revenue	4,238,322	2,107,993	-	6,346,315
Interest	844	-	208	1,052
Total revenue	<u>13,864,334</u>	<u>25,666,569</u>	<u>208</u>	<u>39,531,111</u>

Timing of revenue recognition

At a point in time	13,713,909	24,791,031	-	38,504,940
Over time	150,425	875,538	208	1,026,171
	<u>13,864,334</u>	<u>25,666,569</u>	<u>208</u>	<u>39,531,111</u>

	Casino Operations Vietnam	Casino Operations Cambodia	Corporate Operations	Total
	\$	\$	\$	\$
Consolidated - 30 June 2023				
Revenue				
Gaming revenue	2,829,470	18,225,780	-	21,055,250
Non-gaming revenue	1,573,335	1,698,504	-	3,271,839
Interest	339	-	52	391
Total revenue	<u>4,403,144</u>	<u>19,924,284</u>	<u>52</u>	<u>24,327,480</u>

Timing of revenue recognition

At a point in time	4,328,879	19,260,778	-	23,589,657
Over time	74,265	663,506	52	737,823
	<u>4,403,144</u>	<u>19,924,284</u>	<u>52</u>	<u>24,327,480</u>

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Notes to financial statements
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Note 5. Other income

Reversal of accrued penalty and interest on lump sum tax and indirect taxes
Lease waived (see Note 15(ii))
Slot management system fee reduction

Consolidated	
2024	2023
\$	\$
1,788,956	-
1,306,853	-
1,007,038	-
<u>4,102,847</u>	<u>-</u>

Note 6. Expenses

Profit / (loss) before income tax includes the following specific expenses:

Depreciation and amortisation

Buildings and structures
Right-of-use asset (see note 15)
Furniture and fittings
Machinery and equipment
Office equipment and other
Motor vehicles
Consumables
Land right

4,387,418	4,594,767
738,542	745,937
10,341	8,803
1,331,691	1,863,938
23,208	67,714
6,325	31,098
35,363	16,481
2,405	2,367
<u>6,535,293</u>	<u>7,331,105</u>

Impairment (reversal) / expense

Casino licence (see note 12)
Goodwill (see note 6(a))
Land right (see note 6(a))
Leasehold buildings and structures (see note 6(a))
Machinery and equipment (see note 6(a))
Motor vehicle (see note 6(a))
Office equipment and other (see note 6(a))
Construction in progress (see note 6(a))

-	4,494,220
-	2,426,187
(7,637)	7,637
(18,165,800)	18,165,800
(1,451,710)	1,451,710
(2,574)	2,574
(24,689)	24,689
(166,260)	166,260
<u>(19,818,670)</u>	<u>26,739,077</u>

Finance costs

Interest on lease liabilities (see note 15)
Interest on borrowings (see note 16)

616,665	1,166,335
1,073,694	1,195,620
<u>1,690,359</u>	<u>2,361,955</u>

Taxation fines and penalties

129,466	8,958,403
<u>129,466</u>	<u>8,958,403</u>

(a) Lao Cai impairment (reversal)

Lao Cai International Hotel JVC (Lao Cai) engages in casino operations in Vietnam and is in a discrete geographical location from other operations within the group. As the assets within Lao Cai together generate cash flows from the casino and hotel operations independently of other assets or groups of assets within the group, management has determined that Lao Cai is a cash-generating unit, in accordance with AASB 136 Impairment of Assets. Accordingly, the cash-generating unit of Lao Cai is tested for impairment annually or more frequently if events or changes in circumstances indicated that the unit might be impaired. In the year ended 30 June 2023, an impairment loss of \$22,244,857 was recognised based on the impairment testing performed during the year which resulted in the complete write-off of goodwill and allocation of the remaining impairment loss of \$19,818,670 to Lao Cai's property, plant and equipment, land right and construction in progress. As at 30 June 2024, the Directors have assessed there were indications that this impairment loss on assets other than goodwill may no longer exist or may have decreased. Accordingly, a value-in-use calculation was prepared as at 30 June 2024, based on a 5-year cash flow forecast period up to 30 June 2029.

The value in use as at 30 June 2024 was determined using budgeted gross margin based on past performance and its expectations for the future. The valuation uses a growth rate of 9.9% in the first year based on actual results for the year ended 30 June 2024, followed by a growth rate of 6.8% in the following year. In the subsequent three years, growth rates of 6.1% were used followed by a terminal year growth rate of 3%, based on the assumption that the company's businesses are expected to have gradually recovered to pre-pandemic levels after cessation of pandemic travel restrictions. The pre-tax discount rate used of 16.48% reflects specific risks relating to the relevant segments and the countries in which the Group operates. The valuation was determined using a foreign exchange rate between Vietnamese Dong and US dollar of 25,235 VND: 1 USD. Capital expenditure of VND64,379,742,809 (AU\$4,183,090 at 30 June 2024 spot rate) in total over the forecast period was included in the valuation. The value in use as at 30 June 2024 was determined to be AU\$74,621,428 (US\$49,427,984 converted at 30 June 2024 spot rate). As at 30 June 2024, the recoverable amount of the cash-generating unit of Lao Cai exceeded its carrying amount by AU\$36,948,756, (US\$24,474,237 as at 30 June 2024 spot rate). The value in use calculated reflects Lao Cai's operating performance and profitability which continue to improve following the full reopening of the borders between Vietnam and China, where historically the majority of Lao Cai's customers come from, and from the increase in operating hours which result in increased visitation. Ongoing tourism development in the Lao Cai province is also expected to help bolster visitors to the casino and further contribute to its operating performance. Accordingly, the impairment loss previously recognised of AU\$19,818,670 for Lao Cai assets other than goodwill has been reversed as at 30 June 2024.

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Note 6. Expenses (continued)

(b) Lao Cai tax assessment

On 30 January 2023, Lao Cai received Decision No. 15/QD-TCT from the Vietnamese GDT, dated 11 January 2023, regarding the requirement to pay tax collections and penalties primarily associated with the determination of tax payable for floating chips, with a total amount of approximately VND 149,300,000,000 (approximately AU\$8,857,906 as at 30 June 2024 spot rate). The decision was issued after an inspection conducted by the tax authorities for the fiscal years ended 30 June 2019, 30 June 2020 and 30 June 2021, in which floating chips were to be treated as taxable revenue. The tax assessment comprises additional value-added tax, special sale tax and associated fines which have been recognised as taxation fines and penalties and additional income tax expense which has been recognised as such in the statement of comprehensive income. See notes 29 and 33 for further details.

Note 7. Income tax expense

Income tax expense

	Consolidated	
	2024	2023
	\$	\$
Current tax	-	1,769,868
Deferred tax	(53,405)	(19,207)
Prior year tax adjustment	(911,740)	583,276
Aggregate income tax (benefit) / expense	<u>(965,145)</u>	<u>2,333,937</u>
Income tax (benefit) / expense is attributable to:		
Profit / (loss)	<u>(965,145)</u>	<u>2,333,937</u>
Aggregate income tax (benefit) / expense	<u>(965,145)</u>	<u>2,333,937</u>

Numerical reconciliation of income tax benefit / expense and tax at the statutory rate

Profit / (loss) before income tax (benefit) / expense	37,319,659	(36,081,264)
Profits tax using:		
Australian corporation tax at the statutory tax rate of 25% (2023: 25%)	9,329,914	(9,020,318)
Tax effect of difference in overseas corporation tax at the statutory tax rate of 20% (2023: 20%)	(2,849,831)	1,721,494
Tax effect amounts which are not deductible in calculating taxable income	(2,863,331)	6,178,055
Losses not brought to account	(3,670,157)	1,101,564
Gaming duty payments in Cambodia under Real Tax Regime (note (b))	-	1,769,866
Prior year tax assessment on floating chip movements in Vietnam (note (c))	-	583,276
Adjustment for prior year over-provision	<u>(911,740)</u>	<u>-</u>
Income tax (benefit) / expense	<u>(965,145)</u>	<u>2,333,937</u>

(a) Real Tax Regime

(i) In respect of gaming activities

On 14 November 2020, the Law on the Management of Commercial Gambling ("Gambling Law") has been promulgated in the Kingdom of Cambodia.

Pursuant to Article 81 and 82 of Gambling Law, the casino operator and/or the owner of the casino and/or the owner of the Integrated Commercial Gambling Centre shall fulfill the payment of periodic gaming duty revenue during the licensing period. The gaming duty rate is determined as follows:

- For casinos located in the Integrated Commercial Gambling Centre, the rate is 4% for VIP guest and 7% for ordinary gaming guest on gross gambling revenue.
- For casinos that are not located in the Integrated Commercial Gambling Centre, the rate is 7% on gross gambling revenue.

In 2023, DNA Star Vegas received confirmation from the Commercial Gambling Management Commission ("CGMC") that, under the real tax regime legislation, it is considered a casino not located in the Integrated Commercial Gambling Centre and is therefore subject to tax at the rate of 7% on gaming duty revenue.

(ii) In respect of non-gaming activities

Pursuant to Article 81 of Gambling Law, the casino operator and/or the owner of the casino and/or the owner of the Integrated commercial Gambling Centre shall comply with LOT for the other various taxes such as salary tax, fringe benefit tax, withholding mtax, advance profit tax, advertising tax and specific tax on entertainment services which included in administrative expenses in profit or loss from January 2021 onwards.

In accordance with Prakas No.1080 MoEF dated on the 30 December 2022, all commercial gambling operator must now self-declare and pay monthly tax which is calculated based on the gross gaming revenue ("GGR") of the Casino to the General Department of Taxation ("GDT"). The Company has successfully registered its casino business with GDT and must start tax declarations of its casino business from January 2023 onwards.

DONACO INTERNATIONAL LIMITED
Notes to financial statements
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Note 7. Income tax expense (continued)

(b) Carried forward tax losses

The tax effect of the carried forward tax losses that have not been brought to account, is as follows:

Entity	2024 \$	2023 \$
Donaco International Limited	56,108	379,191
Donaco Holdings Sdn Bhd	288,679	27,686
Donaco Holdings (HK) Pte Ltd	137,970	137,563
Lao Cai International Hotel Joint Venture Company	112,568	221,338
	<u>595,325</u>	<u>765,777</u>

(c) Lao Cai tax assessment

Discussions between Lao Cai and the Vietnamese General Department of Taxation (GDT) in relation to the tax and penalty assessment issued by the GDT in January 2023 over the tax treatment of floating chips for the fiscal years ended 30 June 2019, 30 June 2020 and 30 June 2021 remain in progress. On 9 July 2024, Lao Cai received Decision No. 1593/QD-BTC from the Vietnamese GDT in response to the appeal that Lao Cai submitted in September 2023. In this latest decision, the GDT has rejected the appeal and Lao Cai has proceeded to lodge a complaint with the local court. If the complaint is rejected, the letter of financial support provided by the lender also states that in addition to not withdrawing the loan advance, he will continue to finance the operations of the Group (including the payment of the income tax payables, penalties and interests on Lao Cai of VND 149,300,000,000 (AU\$8,857,906 as at 30 June 2024 spot rate) if the Group is not able to settle the payment when it falls due.

Note 8. Cash and cash equivalents

	Consolidated 2024 \$	2023 \$
Cash on hand	27,173,676	15,450,512
Cash at bank	2,125,777	1,273,400
	<u>29,299,453</u>	<u>16,723,912</u>

Note 9. Inventories

	Consolidated 2024 \$	2023 \$
Food and beverage - at cost	967,519	613,028

Note 10. Other assets

	Consolidated 2024 \$	2023 \$
Current		
Bonds and security deposits	387,007	226,542
Prepayments	230,587	170,000
Other current assets	32,427	10,033
	<u>650,021</u>	<u>406,575</u>
Non-current		
Other debtors	5,262	5,669
Bonds and security deposits	751,307	777,194
	<u>756,569</u>	<u>782,863</u>

Note 11. Property, plant and equipment

	Consolidated	
	2024	2023
	\$	\$
Leasehold buildings and structures - at cost	170,583,813	175,921,168
Less: Accumulated depreciation and impairment for leasehold buildings and structures	(47,070,473)	(61,377,230)
	<u>123,513,340</u>	<u>114,543,938</u>
Right-of-use asset - at cost (see note 15)	30,035,373	33,165,534
Less: Accumulated depreciation for right-of-use asset	(2,672,377)	(2,027,449)
	<u>27,362,996</u>	<u>31,138,085</u>
Furniture and fittings - at cost	4,971,313	5,137,920
Less: Accumulated depreciation for furniture and fittings	(4,954,862)	(5,115,298)
	<u>16,451</u>	<u>22,622</u>
Machinery and equipment - at cost	42,722,819	43,188,575
Less: Accumulated depreciation and impairment for machinery and equipment	(39,208,989)	(40,129,441)
	<u>3,513,830</u>	<u>3,059,134</u>
Motor vehicles - at cost	1,900,957	1,951,489
Less: Accumulated depreciation and impairment for motor vehicles	(1,896,098)	(1,942,785)
	<u>4,859</u>	<u>8,704</u>
Office equipment and other - at cost	3,583,600	3,634,097
Less: Accumulated depreciation and impairment for office equipment and other	(3,548,687)	(3,598,143)
	<u>34,913</u>	<u>35,954</u>
Consumables	140,876	53,598
	<u>140,876</u>	<u>53,598</u>
	<u>154,587,265</u>	<u>148,862,035</u>

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Note 11. 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 2022	133,123,194	13,469	6,114,601	35,585	125,643	49,147	30,946,391	170,408,030
Additions	-	17,575	108,995	6,323	-	84,409	-	217,302
Exchange differences	4,181,311	381	151,186	468	2,714	(63,477)	937,631	5,210,214
Impairment expense	(18,165,800)	-	(1,451,710)	(2,574)	(24,689)	-	-	(19,644,773)
Depreciation expense	(4,594,767)	(8,803)	(1,863,938)	(31,098)	(67,714)	(16,481)	(745,937)	(7,328,738)
Balance at 30 June 2023	114,543,938	22,622	3,059,134	8,704	35,954	53,598	31,138,085	148,862,035
Additions	4,029	4,523	652,929	-	-	235,766	16,568	913,815
Disposals	-	-	(106,221)	-	-	-	-	(106,221)
Lease modifications	-	-	-	-	-	-	(2,022,918)	(2,022,918)
Exchange differences	(4,813,009)	(353)	(212,031)	(94)	(2,522)	(113,125)	(1,030,197)	(6,171,331)
Impairment reversal	18,165,800	-	1,451,710	2,574	24,689	-	-	19,644,773
Depreciation expense	(4,387,418)	(10,341)	(1,331,691)	(6,325)	(23,208)	(35,363)	(738,542)	(6,532,888)
Balance at 30 June 2024	123,513,340	16,451	3,513,830	4,859	34,913	140,876	27,362,996	154,587,265

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

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Note 12. Intangibles

Land right - at cost
Less: Accumulated amortisation and impairment for land right

Casino licence
Less: Accumulated impairment

Consolidated	
2024	2023
\$	\$
70,797	72,172
(52,527)	(57,737)
<u>18,270</u>	<u>14,435</u>
448,629,727	448,377,376
(434,981,296)	(434,577,922)
<u>13,648,431</u>	<u>13,799,454</u>
<u>13,666,701</u>	<u>13,813,889</u>

Reconciliations

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

	Goodwill	Land right	Casino licence	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2022	2,426,187	23,824	17,644,117	20,094,128
Impairment expense	(2,426,187)	(7,637)	(4,494,220)	(6,928,044)
Exchange differences	-	615	649,557	650,172
Amortisation expense	-	(2,367)	-	(2,367)
Balance at 30 June 2023	-	14,435	13,799,454	13,813,889
Impairment reversal	-	7,637	-	7,637
Exchange differences	-	(1,397)	(151,023)	(152,420)
Amortisation expense	-	(2,405)	-	(2,405)
Balance at 30 June 2024	-	18,270	13,648,431	13,666,701

Impairment testing of intangibles with indefinite useful lives

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

DNA Star Vegas - Casino Licence

Useful life

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

Following the promulgation of the Law on the Management of Commercial Gambling in November 2020 (the Law), the Royal Government of Cambodia issued on 26 August 2021 Sub-Decree No. 166 on the Minimum Capital Requirement for Casino Operation. This sub-decree sets out the definition of "capital" and the minimum capital requirements for new and existing casino operators in Cambodia, which apply to both stand-alone casinos and casinos within integrated resorts. Prior to the enactment of the Law, there were no integrated resorts as all existing casino operations are stand-alone operations. For these existing casino operations duly licensed to operate prior to the enactment of the Law, the minimum capital requirement of at least KHR400 billion (approximately US\$100,000,000, or AU\$150,970,000 as at 30 June 2024) must be satisfied over a period of time and shall be implemented in five phases as follows:

- Phase 1 (Year 1 - 30 June 2022) - at least KHR50 billion (approximately US\$12,500,000, or AU\$18,871,250 at 30 June 2024)
- Phase 2 (Year 4 - 30 June 2025) - at least KHR100 billion (approximately US\$25,000,000, or AU\$37,742,500 at 30 June 2024)
- Phase 3 (Year 7 - 30 June 2028) - at least KHR200 billion (approximately US\$50,000,000, or AU\$75,485,000 at 30 June 2024)
- Phase 4 (Year 11 - 30 June 2032) - at least KHR300 billion (approximately US\$75,000,000, or AU\$113,227,500 at 30 June 2024)
- Phase 5 (Year 15 - 30 June 2036) - at least KHR400 billion (approximately US\$100,000,000, or AU\$150,970,000 at 30 June 2024)

These minimum capital requirements therefore apply to DNA Star Vegas, which has met the minimum capital requirement as at 30 June 2024 under Phase 1.

The casino licence was renewed on 19 August 2022, and will expire on 31 December 2026. The Directors consider the casino licence to be an intangible asset with an indefinite useful life on the basis that the licence is renewable indefinitely, subject to the Group continuing to meet all necessary requirements for renewal.

Impairment assessment

DNA Star Vegas

The casino licence is allocated to DNA Star Vegas Company Limited. The casino operations are in a discrete geographical location from other operations within the group. As the assets within DNA Star Vegas together generate cash flows from the casino and hotel operations independently of other assets or groups of assets within the group, management has determined that DNA Star Vegas is a cash-generating unit in accordance with AASB 136 *Impairment of Assets*. Accordingly, the cash-generating unit of DNA Star Vegas is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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Note 12. Intangibles (continued)

Impairment assessment (continued)

DNA Star Vegas (continued)

A value-in-use calculation was undertaken as at 30 June 2024 which was determined using budgeted EBITDA based on past performance and its expectations for the future. The value-in-use calculation is based on a 5-year cash flow forecast period up to 30 June 2029. The first year of revenue from July 2024 to June 2025 in the value-in-use calculation is based on a contraction rate of 8.2% over the actual revenue and other income for the year ended 30 June 2024. The subsequent years of forecast for the year ending 30 June 2026 to 30 June 2029 reflect a growth rate of 3%. The pre-tax discount rate used of 16.2% reflects specific risks relating to the casino and hotel industries in Asia. The value-in-use calculation was determined using a foreign exchange rate between Thai Baht and US Dollar of 36.736 THB:1 USD. Capital expenditure of THB68,442,866 (AU\$2,802,738 at the 30 June 2024 spot rate) in total over the forecast period was included in the value-in-use calculation. The value in use as at 30 June 2024 was determined to be \$135,403,535 (US\$89,689,034 converted at 30 June 2024 spot rate). As at 30 June 2024, the recoverable amount of the cash-generating unit of DNA Star Vegas exceeded its carrying amount by AU\$24,263,713 (US\$16,071,877 as at 30 June 2024 spot rate). The value in use calculated reflects DSV's improvement in business performance, likely due to the removal of travel restrictions which enabled a return to regular trading conditions, the new member loyalty program and ongoing promotions. Ongoing tourism development as well as the opening of Siem Reap Angkor International Airport in Cambodia is also expected to help increase patronage and generate flow-on positive impact for DSV operations. Accordingly, no impairment has been recognised for the year ended 30 June 2024 for the DSV cash-generating unit. The recoverable amount calculation for the cash-generating unit of DNA Star Vegas is most sensitive to changes in the discount rate. An increase in excess of 3.2% (from 16.2% to 19.4%) would result in impairment of the cash-generating unit of DNA Star Vegas.

Land right

Intangible asset of \$18,270 (2023: \$14,435) 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. During the year ended 30 June 2024, an impairment reversal of \$7,637 was recognised (2023: impairment loss of \$7,637). See note 6 regarding impairment reversal for the Lao Cai cash-generating unit.

Note 13. Construction in progress

	Consolidated	
	2024	2023
	\$	\$
Property construction works in progress - at cost less impairment	516,448	350,757

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 2022	493,307
Impairment expense	(166,260)
Exchange differences	23,710
Balance at 30 June 2023	350,757
Additions	682,750
Impairment reversal	166,260
Exchange differences	(37,186)
Transfers	(646,133)
Balance at 30 June 2024	516,448

Construction relates to costs incurred for the construction of the new Lao Cai 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.

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Note 14. Trade and other payables

Current

	Consolidated 2024 \$	2023 \$
Trade payables (see note 22)	3,918,517	3,589,720
Deposits received (see note 22)	63,469	55,311
Floating chips (see note 22)	5,437,440	7,208,277
Interest payable (see note 22)	2,692,590	1,618,896
Taxation fine and penalty payable	8,381,427	9,030,959
Other payables and accrued expenses (see note 22)	2,995,971	10,197,687
	<u>23,489,414</u>	<u>31,700,850</u>

Non-current

Other payables	23,830	21,038
	<u>23,830</u>	<u>21,038</u>

Refer to note 22 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 15. Leases

As part of the settlement agreements on resolution of the dispute between Lee Hoe Property Co., Ltd, the landlord of DNA Star Vegas and the company, an amended perpetual lease agreement was executed as of 2 March 2020 in relation to the DNA Star Vegas lease, which grants Donaco security of tenure over the Star Vegas casino until 15 June 2115. The lease is in relation to land of approximately 232,189 square meters located in Poi Pet, Cambodia. This follows an additional lease payment of US\$20,000,000 (AU\$30,194,000 as at 30 June 2024 spot rate) to Lee Hoe Property Co., Ltd. The monthly lease payment was US\$20,000 (AU\$30,194 as at 30 June 2024 spot rate) for the first 5 years from the effective settlement date, US\$30,000 (AU\$45,291 as at 30 June 2024 spot rate) 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 by 3% every 3 years. A new land lease agreement was signed in March 2024, resulting in a lease modification. Under this lease agreement, the monthly lease payments due from 1 January 2024 to the end of the lease term 30 June 2065 are inclusive of all applicable taxes. As of 1 March 2024, the monthly lease payments are subject to a 10% value-added tax (VAT) which Donaco is entitled to claim from the tax authorities. The right-of-use and lease liability amounts have therefore been adjusted to exclude the 10% VAT from the remaining lease payments due from March 2024. In addition, for the five financial years commencing 1 July 2020, there is an entitlement to share 25% of the Star Vegas business EBITDA in excess of US\$16 million (AU\$24.2 million as at 30 June 2024 spot rate) of the EBITDA of the relevant financial year.

Under the amended perpetual lease agreement, the lease is for a period of 50 years with an option to extend for another 50 years. However, the extension period of 50 years has not been included in the lease liability and right-of-use asset calculation as it remains uncertain that both parties (Donaco and Lee Hoe Property Co., Ltd) will agree to extend the lease term. Accordingly, while Donaco has security of tenure over the Star Vegas Casino to 15 June 2115 following finalisation of the settlement agreements, the lease liability and right-of-use asset have been calculated as at 30 June 2024 over the remaining 41 years to June 2065.

Lao Cai International Hotel Joint Venture Company Limited has a non-cancellable operating lease commitment over a 50-year term in respect of its casino premises in Lao Cai, Vietnam. The lease commenced 8 April 2011 and the remaining lease term as at 30 June 2024 is approximately 37 years.

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

(i) Amounts recognised in the statement of financial position

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

	Consolidated 2024 \$	2023 \$
Right-of-use assets (recognised as part of property, plant and equipment in Note 11)		
Properties	27,362,996	31,138,085
	<u>27,362,996</u>	<u>31,138,085</u>
Lease liability		
Properties - current	16,449	3,802
Properties - non-current	7,280,395	9,134,823
	<u>7,296,844</u>	<u>9,138,625</u>

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 8%, while the lease payments for the lease in Vietnam were discounted using a discount rate of 9.5%. The discount rate used for the Kuala Lumpur office premises was 3.25%.

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Note 15. Leases (continued)

(ii) Amounts recognised in the statement of comprehensive income

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

	Consolidated	
	2024	2023
	\$	\$
Depreciation of right-of-use asset (recognised as part of depreciation expense)	738,542	745,937
Interest expense (included in finance cost)	616,665	519,429

The payments made on the Kuala Lumpur office lease for the year ended 30 June 2024 were \$8,382. There were no payments made for the lease in Vietnam during the year ended 30 June 2024 (30 June 2023: nil) as no payments are due until May 2025. The payments made on the lease in Cambodia for the year ended 30 June 2024 were \$183,036 (30 June 2023: nil). Under a lease suspension agreement signed on 1 March 2024, Lee Hoe Property Co., Ltd agreed to waive the rent on the lease in Cambodia for the period April 2020 to December 2023 which amounted to US\$856,784 (AU\$1,306,853 as at the 30 June 2024 spot rate). Monthly lease payments resumed from 1 January 2024 under the amended perpetual lease agreement signed in March 2024.

Note 16. Borrowings

	Consolidated	
	2024	2023
	\$	\$
Shareholder loan	15,917,640	18,325,650
	15,917,640	18,325,650

An unsecured loan facility was signed in July 2021 with Mr Lee Bug Huy, the current Chief Executive Officer and Executive Director, for a loan of US\$7,800,000 (AU\$11,775,660 as at 30 June 2024 spot rate). An additional loan facility agreement was entered into on 2 May 2022 for an additional US\$5,000,000 (AU\$7,548,500 at the 30 June 2024 spot rate). Under an annex to the original loan facility agreement that was entered into on 20 September 2023, the original loan facility is due to be repaid by 22 July 2027, six years from the first drawdown (as extended from the original repayment due date of 22 July 2024), while the additional loan facility is due to be repaid by 13 May 2026, four years from the first drawdown. Both loan facilities are subject to an interest rate of 6% per annum. The lender however may at any time require early repayment with a minimum of one month's prior notice. On this basis, the shareholder loan has been recognised as a current liability as the Company does not have an unconditional right to defer the settlement of the loan for at least 12 months after the reporting period. The lender has provided a letter of financial support to Donaco which states that he will not withdraw or call upon the loan should it affect any creditors of the Company and its subsidiaries in a detrimental way. Such financial support is provided for the foreseeable future covering a minimum period of 24 months from the date of issue of the financial statements for the year ended 30 June 2024. As at 30 June 2024, US\$10,543,845 had been drawn down on the loans, leaving an unutilised portion of US\$2,256,155 (AU\$15,917,640 and AU\$3,406,031 respectively as at 30 June 2024 spot rate).

Refer to note 22 for further information on financial instruments.

	Consolidated	
	2024	2023
	\$	\$
Financing arrangements		
Unrestricted access was available at the reporting date to the following lines of credit:		
Total facilities:		
Shareholder loan	19,323,671	19,306,187
	19,323,671	19,306,187
Used at the reporting date:		
Shareholder loan	15,917,640	18,325,650
	15,917,640	18,325,650
Unused at the reporting date:		
Shareholder loan	3,406,031	980,537
	3,406,031	980,537

	Consolidated	
	2024	2023
	\$	\$
Note 17. Employee benefits		
Accrued salaries, wages and other benefits	151,335	168,891

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Note 18. Equity - issued capital

	2024 Shares	Consolidated 2023 Shares Restated	2024 \$	2023 \$
Ordinary shares - fully paid	1,234,132,190	1,234,132,190	372,584,126	372,584,126
Details		Date	Shares Restated	\$
Balance		30 June 2022	1,234,132,190	372,584,126
Balance		30 June 2023	1,234,132,190	372,584,126
Balance		30 June 2024	1,234,132,190	372,584,126

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.

Restatement of prior year number of shares

The number of fully paid ordinary shares as at 30 June 2023 and 30 June 2022 was overstated by 595,224 shares which related to the acquisition of shares by the Company for the purpose of issuing shares under the employee share scheme.

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.

	Number of shares	\$
Details		
Opening balance 1 July 2022	1,257,192	518,116
Balance 30 June 2023	1,257,192	518,116
Balance 30 June 2024	1,257,192	518,116

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 capital risk management policy remains unchanged from the 2023 financial statements.

	Consolidated 2024 \$	Consolidated 2023 \$
Revaluation surplus reserve	1,855,327	1,855,327
Foreign currency reserve	35,362,181	41,109,694
Employee share option reserve	-	3,369,254
	<u>37,217,508</u>	<u>46,334,275</u>

Note 19. Equity - reserves

	Revaluation surplus reserve \$	Share-based payment reserve \$	Foreign currency reserve \$	Total \$
Consolidated				
Balance at 1 July 2022	1,855,327	3,369,254	35,921,480	41,146,061
Foreign currency translation	-	-	5,188,214	5,188,214
Balance at 30 June 2023	1,855,327	3,369,254	41,109,694	46,334,275
Foreign currency translation	-	-	(5,747,513)	(5,747,513)
Transfer of expired employee options to accumulated losses	-	(3,369,254)	-	(3,369,254)
Balance at 30 June 2024	<u>1,855,327</u>	<u>-</u>	<u>35,362,181</u>	<u>37,217,508</u>

Note 19. Equity - reserves (continued)

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 20. Equity - accumulated losses

	Consolidated	
	2024	2023
	\$	\$
Accumulated losses at the beginning of the financial year	(298,214,278)	(261,464,559)
Profit / (loss) after income tax benefit / (expense) for the year	37,062,355	(36,749,719)
Transfer of expired employee options to accumulated losses	3,369,254	-
Accumulated losses at the end of the financial year	<u>(257,782,669)</u>	<u>(298,214,278)</u>

Note 21. 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 2024 (2023: nil).

Franking credit balance

	Consolidated	
	2024	2023
	\$	\$
Franking credits available for subsequent reporting periods after payment of tax liability based on a tax rate of 25% (2023: 25%)	<u>471,682</u>	<u>471,682</u>

Note 22. 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.

Note 22. Financial instruments (continued)

Foreign currency risk (continued)

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

	Average exchange rate		Reporting date exchange rate	
	2024	2023	2024	2023
Australian dollars				
USD	1.5253	1.4850	1.5097	1.5083
THB	0.0426	0.0421	0.0410	0.0423
VND	0.0001	0.0001	0.0001	0.0001
CNY	0.2111	0.2136	0.2077	0.2080
MYR	0.3249	0.3306	0.3198	0.3224
SGD	1.1313	1.0884	1.1115	1.1128
HKD	0.1951	0.1895	0.1934	0.1925

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	
	2024	2023	2024	2023
Consolidated				
USD	46,466	753,841	33,207,055	(26,131,697)
CNY	9,083,090	6,532,611	(5,240,437)	(6,985,565)
MYR	16,685	18,054	(2,215)	(3,423)
SGD	-	-	(12,684)	(12,672)
EUR	-	170,265	-	-
KHR	751,308	-	-	-
HKD	6,627	4,684	(21,233)	(19,268)
	<u>9,904,176</u>	<u>7,479,455</u>	<u>27,930,486</u>	<u>(33,152,625)</u>

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

		AUD strengthened	
	% Change	Effect on profit after tax 2024	Effect on profit after tax 2023
Consolidated			
USD	5%	(1,662,676)	1,268,893
CNY	5%	(192,133)	22,648
MYR	5%	(724)	(732)
SGD	5%	634	634
EUR	5%	-	(8,513)
KHR	5%	(37,565)	-
HKD	5%	730	729
		<u>(1,891,734)</u>	<u>1,283,659</u>

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 and borrowings:

	2024		2023	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Consolidated				
Shareholder loan	6.00%	(15,917,640)	6.00%	(18,325,650)
Cash at bank	0.00%	<u>2,125,777</u>	0.01%	<u>1,273,400</u>
Net exposure to cash flow interest rate risk		<u>(13,791,863)</u>		<u>(17,052,250)</u>

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

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Note 22. Financial instruments (continued)

Foreign currency risk (continued)

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.

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.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual maturities \$
Consolidated - 2024						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	3,918,517	-	-	-	3,918,517
Other payables and accrued expenses	-	2,995,971	-	-	-	2,995,971
Deposits received	-	63,469	-	-	-	63,469
Floating chips	-	5,437,440	-	-	-	5,437,440
Interest payable	-	2,692,590	-	-	-	2,692,590
Taxation fine and penalty payable	-	8,381,427	-	-	-	8,381,427
<i>Interest bearing - fixed</i>						
Shareholder loan	6.00%	15,917,640	-	-	-	15,917,640
<i>Interest bearing - variable</i>						
Lease liabilities	8.19%	387,492	595,732	1,773,955	24,596,659	27,353,838
Total non-derivatives		39,794,546	595,732	1,773,955	24,596,659	66,760,892
	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual maturities \$
Consolidated - 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	3,589,720	-	-	-	3,589,720
Other payables and accrued expenses	-	10,197,687	-	-	-	10,197,687
Deposits received	-	55,311	-	-	-	55,311
Floating chips	-	7,208,277	-	-	-	7,208,277
Interest payable	-	1,618,896	-	-	-	1,618,896
Taxation fine and penalty payable	-	9,030,959	-	-	-	9,030,959
<i>Interest bearing - fixed</i>						
Shareholder loan	6.00%	18,325,650	-	-	-	18,325,650
<i>Interest-bearing - variable</i>						
Lease liabilities	6.90%	365,861	415,976	1,943,409	27,614,053	30,339,299
Total non-derivatives		50,392,361	415,976	1,943,409	27,614,053	80,365,799

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.

DONACO INTERNATIONAL LIMITED
Notes to financial statements
30 June 2024

Note 23. Key management personnel disclosures

Directors

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

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

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:

Gordon Lo	Chief Financial Officer
-----------	-------------------------

Compensation

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

	Consolidated	
	2024	2023
	\$	\$
Short-term employee benefits	1,089,561	1,159,402
Post-employment benefits	16,711	16,011
	<u>1,106,272</u>	<u>1,175,413</u>

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit, the auditors of the company (2023: Crowe Sydney), and unrelated firms:

	Consolidated	
	2024	2023
	\$	\$
<i>Audit services - BDO Audit / Crowe Sydney</i>		
Audit or review of the financial statements	170,000	169,500
	<u>170,000</u>	<u>169,500</u>
<i>Audit and other services - related firms</i>		
Audit or review of the financial statements	99,639	117,955
Preparation of the tax return	1,170	759
	<u>100,809</u>	<u>118,714</u>
<i>Audit services - unrelated firms</i>		
Audit or review of the financial statements	70,265	53,634
	<u>70,265</u>	<u>53,634</u>
<i>Other services - unrelated firms</i>		
Preparation of the tax return	2,384	2,334
	<u>2,384</u>	<u>2,334</u>
Total remuneration for unrelated firms	<u>72,649</u>	<u>55,968</u>

Note 25. Commitments

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:
Renovation & improvement

	Consolidated	
	2024	2023
	\$	\$
Renovation & improvement	109,766	-
	<u>109,766</u>	<u>-</u>

DONACO INTERNATIONAL LIMITED
Notes to financial statements
30 June 2024

Note 26. 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 28.

Key management personnel

Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties during the year:

	Consolidated	
	2024	2023
	\$	\$
Interest expenses on shareholder loan from Mr Lee Bug Huy	1,073,694	1,157,992

The shareholder loan is subject to interest at 6% per annum.

Loans to/from related parties

The following loan balances were held with related parties at year end:

	Consolidated	
	2024	2023
	\$	\$
Shareholder loan from Mr Lee Bug Huy (refer to note 16)	15,917,640	18,325,650
Interest payable to Mr Lee Bug Huy (refer to note 16)	2,692,590	1,618,896

Under an annex to the original loan facility agreement that was entered into on 20 September 2023, the original loan facility of US\$7,800,000 (AU\$11,775,660 as at 30 June 2024 spot rate) is due to be repaid by 22 July 2027, six years from the first drawdown, while the additional loan facility of US\$5 million (AU\$7,548,500 as at 30 June 2024 spot rate) is due to be repaid by 13 May 2026, four years from the first drawdown. The lender however may at any time require early repayment with a minimum of one month's prior notice. The lender has provided a letter of financial support to Donaco which states that he will not withdraw or call upon the loan should it affect any creditors of the Company and its subsidiaries in a detrimental way. Such financial support is provided for the foreseeable future covering a minimum period of 24 months from the date of issue of the financial statements for the twelve-months ended 30 June 2024.

Note 27. Parent entity information

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

Statement of profit or loss and other comprehensive income

	2024	2023
	\$	\$
(Loss) after income tax	(2,315,408)	(7,822,457)
Total comprehensive (loss)	(2,315,408)	(7,822,457)

Statement of financial position

Total current assets	9,946,135	9,078,417
Total assets	148,945,155	152,478,122
Total current liabilities	30,399,741	31,617,300
Total liabilities	30,399,741	31,617,300
Equity		
Issued capital	420,547,212	420,547,212
Employee share option reserve	-	3,369,254
Accumulated losses	(302,001,798)	(303,055,644)
Total equity	118,545,414	120,860,822

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

As at 30 June 2024, the parent entity did not act as a guarantor in relation to debt for any of its subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2024 and 30 June 2023.

Note 27. Parent entity information (continued)

Material 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 28. 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	
		2024 %	2023 %
Donaco Australia Pty Ltd	Australia	100%	100%
Donaco Singapore Pte Ltd	Singapore	100%	100%
Donaco Holdings Ltd *	British Virgin Islands	100%	100%
Donaco Holdings Sdn Bhd *	Malaysia	100%	100%
Lao Cai International Hotel Joint Venture Company *	Vietnam	95%	95%
Donaco Hong Kong Limited	Hong Kong	100%	100%
Donaco Holdings (HK) Pte Ltd *	Hong Kong	100%	100%
DNA Star Vegas Co. Limited **	Cambodia	100%	100%
Donaco Investment (S) Pte Ltd *	Singapore	100%	100%

* Subsidiary of Donaco Singapore Pte Ltd

** Subsidiary of Donaco Hong Kong Limited

The principal activities of each subsidiary are:

Donaco Australia Pty Ltd - Dormant (previously operated New Zealand games service, discontinued in January 2015).

Donaco Singapore Pte Ltd - Holding company for Vietnamese casino operations.

Donaco Holdings Ltd - Cost centre for corporate operations.

Donaco Holdings Sdn Bhd - Cost centre for corporate operations.

Donaco Holdings (HK) Pte Ltd - Cost centre for corporate operations and marketing activities.

Lao Cai International Hotel Joint Venture Company - 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.

DONACO INTERNATIONAL LIMITED
Notes to financial statements
30 June 2024

Note 29. Events after the reporting period

Additional funding

In July 2024, a repayment of US\$1,700,000 (AU\$2,566,490 as at 30 June 2024 spot rate) was made in relation to the shareholder loan, with a subsequent draw down of the same amount made in the same month. The unutilised portion of the additional loan facility entered into on 2 May 2022 is US\$2,256,155 (AU\$3,406,031 as at 30 June 2024 spot rate).

Lao Cai tax collections and penalties

On 9 July 2024, Lao Cai received Decision No. 1593/QD-BTC from the Vietnamese General Department of Taxation (GDT) in response to the appeal that Lao Cai submitted in September 2023, regarding the tax payable for floating chips of approximately VND 149,300,000,000 (approximately AU\$8,857,906 as at 30 June 2024 spot rate). In this latest decision, the GDT has rejected the appeal and Lao Cai has proceeded to lodge a complaint with the local court. In the event that Lao Cai fails to have the decision overturned, it will be liable to pay approximately VND 149,300,000,000 (approximately AU\$8,857,906 as at 30 June 2024 spot rate) of additional value-added tax, special sale tax, associated fines and additional income tax expense which have already been recognised (see notes 6 and 14).

There are no other events subsequent to the reporting period that may have a material impact on the financial statements.

Note 30. Net cash flows from operating activities

	Consolidated	
	2024	2023
	\$	Restated
		\$
a) Reconciliation of profit / (loss) after income tax to net cash from operating activities		
Profit / (loss) after income tax benefit / (expense) for the year	38,284,804	(38,415,201)
Adjustments for:		
Depreciation and amortisation	6,535,293	7,331,105
Impairment (reversal) / expense on assets	(19,818,670)	26,739,077
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	(163,643)	184,628
Decrease / (increase) in inventories	(354,491)	87,189
(Increase) in other operating assets	(217,152)	(116,842)
(Increase) in deferred tax assets	(44,178)	(20,663)
(Decrease) / increase in trade and other payables	(8,211,435)	13,475,985
(Decrease) / increase in provision for income tax	(962,559)	246,805
(Decrease) / increase in provisions for employee benefits	(17,556)	72,547
Net cash from operating activities	<u>15,030,413</u>	<u>9,584,630</u>

Restatement of prior year statement of cash flows

For the year ended 30 June 2023, an adjustment for the loss attributable to non-controlling interests for the year of \$1,665,482 was incorrectly recognised in the statement of cash flows, resulting in overstatement of the net cash from operating activities and net increase in cash and cash equivalents for the year. This has been restated in the comparative information for the current year as a foreign exchange adjustment, with no impact on the closing balance of cash and cash equivalents as at 30 June 2023.

	2023	2023	2023
	Restated	Original	Adjustment
	\$	\$	\$
Statement of cash flows			
Payments to suppliers and employees	(14,757,603)	(13,092,121)	(1,665,482)
Net cash flows from operating activities	9,584,630	11,250,112	(1,665,482)
Net decrease in cash and cash equivalents	10,197,817	11,863,299	(1,665,482)
Effects of exchange rate changes on cash and cash equivalents	433,439	(1,232,043)	1,665,482
b) Change in liabilities arising from financing activities			
			2024
			\$
Borrowings at beginning of the year (note 16)			18,325,650
Proceeds from loan borrowings			1,029,578
Repayments			(3,479,302)
Foreign exchange adjustments			<u>41,714</u>
Borrowings at end of the year (note 16)			<u>15,917,640</u>

DONACO INTERNATIONAL LIMITED
Notes to financial statements
30 June 2024

Note 31. Earnings / (loss) per share

	Consolidated	
	2024	2023
	\$	\$
Profit / (loss) after income tax	38,284,804	(38,415,201)
Non-controlling interest share of profit / (loss)	(1,222,449)	1,665,482
Profit / (loss) after income tax attributable to the owners of Donaco International Limited	<u>37,062,355</u>	<u>(36,749,719)</u>
	Numbers	Numbers restated
Weighted average number of ordinary shares used in calculating basic loss per share	1,234,132,190	1,234,132,190
Adjustments for calculation of diluted loss per share:		
Treasury shares	1,257,192	1,257,192
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>1,235,389,382</u>	<u>1,235,389,382</u>
	Cents	Cents
Basic earnings / (loss) per share	3.00	(2.98)
Diluted earnings / (loss) per share	3.00	(2.97)

Note 32. Share-based payments

Employee shares

No shares were granted or outstanding under an employee share scheme at any time during the year ended 30 June 2024.

Employee options

No options were granted or outstanding at any time during the year ended 30 June 2024.

Note 33. Contingent assets and liabilities

DNA Star Vegas increased penalties and interest

The CGMC has not issued any notice, reminder letter or penalty letter in relation to the non-payment of tax obligatory payments under the Lump Sum Tax Regime, which was effective until 31 December 2020 when it was under the purview of the Ministry of Economy and Finance before the CGMC took over its responsibilities in 2021. As no such penalties have been issued since 2021, the consolidated entity has not recognised any contingent liabilities as at 30 June 2024 in respect of the penalties and interest. The contingent liabilities are as follows:

	Consolidated	
	2024	2023
	\$	\$
Penalties plus interest on non-payment of tax obligatory payments to MoEF under:		
- Lump Sum Tax Regime	-	424,043
	<u>-</u>	<u>424,043</u>

Lao Cai increased tax on floating chip movement

In the event that Lao Cai's ongoing appeal against the Vietnamese GDT's decision on their tax treatment of floating chips is not successful, the consolidated entity has contingent liabilities in respect of the increased tax and interest on late payment that would arise if the floating chip movement were to be treated as taxable revenue. However, the inclusion of floating chip movement as taxable revenue may also result in lower taxes if there is a significant negative floating chip movement during the period. Based on estimated tax calculations for the years ended 30 June 2022, 30 June 2023 and 30 June 2024, the inclusion of floating chip movement as taxable revenue would result in the following (decreases) / increases:

	Consolidated	
	2024	2023
Value-added tax	(5,290)	115,592
Special sale tax	(13,716)	299,684
Interest on late payment	1,272,457	451,225
	<u>1,253,451</u>	<u>866,501</u>

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

Other than the above, there are no contingent assets or liabilities at 30 June 2024 or 30 June 2023.

DONACO INTERNATIONAL LIMITED
Consolidated entity disclosure statement
30 June 2024

Name of entity	Type of entity	% of share capital	Place of business/ country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Donaco International Limited	Body corporate	n/a	Australia	Australia	n/a
Donaco Australia Pty Ltd	Body corporate	100%	Australia	Australia	n/a
Donaco Singapore Pte Ltd	Body corporate	100%	Singapore	Foreign	Singapore
Donaco Holdings Ltd	Body corporate	100%	British Virgin Islands	Foreign	British Virgin Islands
Donaco Holdings Sdn Bhd	Body corporate	100%	Malaysia	Foreign	Malaysia
Lao Cai International Hotel Joint Venture Company	Body corporate	95%	Vietnam	Foreign	Vietnam
Donaco Hong Kong Limited	Body corporate	100%	Hong Kong	Foreign	Hong Kong
Donaco Holdings (HK) Pte Ltd	Body corporate	100%	Hong Kong	Foreign	Hong Kong
DNA Star Vegas Co. Limited	Body corporate	100%	Cambodia	Foreign	Cambodia
Donaco Investment (S) Pte Ltd	Body corporate	100%	Singapore	Foreign	Singapore

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997.

DONACO INTERNATIONAL LIMITED
Directors' declaration
30 June 2024

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information included in the attached consolidated entity disclosure statement is true and correct.

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

26 September 2024
Sydney

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 Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) 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 Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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 describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our 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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in our audit
<i>Impairment of intangible assets - DNA Star Vegas</i> The Group carries material balances of intangible assets within the DNA Star Vegas business as disclosed in Note 12 of the financial report, which relate to the casino license required to operate the venue. The casino license is an indefinite life intangible asset, and as such is subject to impairment testing on an annual basis. This was determined to be a key audit matter as the determination of the value-in-use of the DNA Star Vegas cash generating unit (CGU) and whether or not an impairment charge is necessary, involved judgements and estimates by management regarding the future growth rates of the cash flows in each CGU, the discount rates applied to those cash flows, and other key assumptions required in determining the appropriate value-in-use.	Our audit procedures to address this key audit matter included, but were not limited to: • Obtaining management's value-in-use model and reviewing reasonableness of the cash flows against historical trends, future budgets approved by management and those charged with governance and other relevant information around the economic conditions impacting the business. • Corroborating the assumptions for the key inputs in the value in use model such as forecast revenue, forecast costs, discount rates and terminal growth rates. • Engaging our internal valuation experts to assess the reasonableness of the methodology and the discount rate applied in the value-in-use calculations. • Performing tests over the mathematical accuracy of the model and the underlying calculations. • Performing a sensitivity analysis on the key financial assumptions in the model. • Assessing the adequacy of key disclosures within the financial statements.

Key audit matter	How the matter was addressed in our audit
Reversal of impairment charges - Lao Cai International Hotel JVC The Group has recognised impairment charges against the fixed and intangible assets of the Lao Cai International Hotel ('Lao Cai') in previous periods, due to the trading conditions experienced as a result of COVID-19 and associated travel restrictions. During the period, the performance of the Lao Cai business has recovered substantially due to the removal of travel restrictions and as a result, the Directors have reassessed the value-in-use of the CGU to determine whether any reversal of previous impairments should be considered, as disclosed in Note 6 of the financial report. This was determined to be a key audit matter as the determination of the value-in-use of the Lao Cai cash generating unit (CGU) and whether or not an impairment reversal is necessary, involved judgements and estimates by management regarding the future growth rates of the cash flows in each CGU, the discount rates applied to those cash flows, and other key assumptions required in determining the appropriate value-in-use.	Our audit procedures to address this key audit matter included, but were not limited to: • Obtaining management's assessment of the indicators of a potential impairment reversal and considering the reasonableness of the assessments made to warrant a potential impairment reversal. • Obtaining management's value-in-use model and reviewing reasonableness of the cash flows against historical trends, future budgets approved by management and those charged with governance and other relevant information around the economic conditions impacting the business. • Corroborating the assumptions for the key inputs in the value in use model such as forecast revenue, forecast costs, discount rates and terminal growth rates. • Engaging our internal valuation experts to assess the reasonableness of the methodology and the discount rate applied in the value-in-use calculations. • Performing tests over the mathematical accuracy of the model and the underlying calculations. • Evaluating the calculation of the impairment reversal recognised in the year and its recognition in the financial statements, including the appropriate allocation to the assets of the CGU in accordance with the accounting standards. • Assessing the adequacy of key disclosures within the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

Other matter

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001; and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 Group or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Donaco International Limited, for the year ended 30 June 2024, 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.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'Clayton Eveleigh', is written over a faint, stylized 'BDO' logo.

Clayton Eveleigh
Director

Sydney, 26 September 2024

DONACO INTERNATIONAL LIMITED
Shareholder information
30 June 2024

The shareholder information set out below was applicable as at 28 August 2024.

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	309
1,001 to 5,000	261
5,001 to 10,000	139
10,001 to 100,000	442
100,001 and over	258
	<u>1,409</u>

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	237,738,303	19.24%
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	123,549,391	10.00%
BNP PARIBAS NOMS PTY LTD <DRP>	49,605,933	4.02%
MR TECK LEE PATRICK TAN	38,232,459	3.09%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	35,329,162	2.86%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	32,523,316	2.63%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,538,608	1.91%
BNP PARIBAS NOMS PTY LTD UOBKH A/C R'MIERS <DRP>	20,509,952	1.66%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	13,870,951	1.12%
MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	13,388,946	1.08%
TA SECURITIES HOLDINGS BERHAD	7,559,313	0.61%
MR TIMOTHY JOHN EAKIN <ESTATE LATE VJA FLYNN A/C>	6,000,000	0.49%
BNP PARIBAS NOMS (NZ) LTD <DRP>	5,934,576	0.48%
HATIM TAIY PTY LIMITED <V J A FLYNN SETTLEMENT A/C>	5,616,500	0.45%
BNP PARIBAS NOMS PTY LTD UOB KH PL AC <DRP>	4,870,282	0.39%
MR DANKO DRAGICEVIC	4,454,576	0.36%
CERTANE CT PTY LTD <FLANNERY FOUNDATION>	4,358,174	0.35%
	<u>1,083,758,705</u>	<u>87.72%</u>

Substantial holders

Substantial holders in the company are set out below:

	Ordinary Shares	
	Number held	% of total shares issued
ON NUT ROAD LIMITED	158,574,603	12.84%
TECHATUT SUKCHAROENKRAISRI (aka Lee Bug Huy)	260,451,476	21.08%
BHUVASITH CHAIARUNROJH (aka Lee Bug Tong)	260,451,476	21.08%

DONACO INTERNATIONAL LIMITED
Shareholder information
30 June 2024

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 2024

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