

DONACO INTERNATIONAL LIMITED
Appendix 4E
Preliminary final report

1. Company details

Name of entity: Donaco International Limited
 ABN: 28 007 424 777
 Reporting period: For the year ended 30 June 2024
 Previous period: For the year ended 30 June 2023

2. Results for announcement to the market

Revenues from ordinary activities	up	62.5%	to	\$	39,531,111
Profit for the year attributable to the owners of Donaco International Limited	up	N/A	to		37,062,355

		30 Jun 2024	30 Jun 2023
		Cents	Cents
Basic earnings / (loss) per share		3.00	(2.98)
Diluted earnings / (loss) per share		3.00	(2.98)

Dividends
 No dividends were paid for the year ended 30 June 2024.

Comments
 The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$37,062,355 (30 June 2023: loss of \$36,749,719). An impairment reversal of \$19,818,670 was recognised in the year ended 30 June 2024 (30 June 2023: impairment charge of \$26,739,077). The profit excluding the impairment reversal for the year ended 30 June 2024 was \$13,140,838 (30 June 2023: loss of \$10,010,642).

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>11.30</u>	<u>8.65</u>

4. Control gained over entities

Name of entities (or group of entities) Not applicable
 Date control gained Not applicable

5. Loss of control over entities

Name of entities (or group of entities) Not applicable
 Date control lost Not applicable

6. Dividends

Current period
 No dividends were paid for the year ended 30 June 2024.

Previous period
 No dividends were paid for the year ended 30 June 2023.

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7. Dividend reinvestment plans

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report

Not applicable.

9. Audit qualification or review

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

This Preliminary Final Report for the year ended 30 June 2024 is based on accounts which are currently being audited by the company's Independent auditor, BDO Audit Pty Ltd.

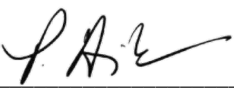
The audit opinion may include a material uncertainty related to going concern.

10. Attachments

Details of attachments (if any):

The Preliminary Final Report of Donaco International Limited for the year ended 30 June 2024 is attached.

11. Signed

Signed  _____

Date: 30 August 2024

Mr Porntat Amatavivadhana
Non-Executive Chairman

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DONACO INTERNATIONAL LIMITED
ABN 28 007 424 777

Preliminary Final Report
30 June 2024

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DONACO INTERNATIONAL LIMITED
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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 ended 30 June 2024. The financial statements are presented in Australian dollars, which is Donaco International Limited's functional and presentation currency.

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

Level 43
25 Martin Place
Sydney NSW 2000
Australia

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2024. The directors have the power to amend and reissue the financial statements.

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

	Note	Consolidated 2024 \$	2023 \$
Revenue	3	39,531,111	24,327,480
Other income	4	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	5	(6,535,293)	(7,331,105)
Impairment reversal / (expense)	5	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	5	(129,466)	(8,958,403)
Finance costs	5	(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)		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) after income tax benefit / (expense) 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	14	3.00	(2.98)
Diluted earnings / (loss) per share	14	3.00	(2.98)

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

DONACO INTERNATIONAL LIMITED
Statement of financial position
As at 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	6	29,299,453	16,723,912
Trade and other receivables		288,526	133,718
Inventories		967,519	613,028
Other current assets		658,857	406,575
Total current assets		<u>31,214,355</u>	<u>17,877,233</u>
Non-current assets			
Property, plant and equipment	7	154,587,265	148,862,035
Intangibles (including licences)	8	13,666,701	13,813,889
Construction in progress		516,448	350,757
Deferred tax assets		113,657	69,478
Other non-current assets		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	9	23,489,414	31,700,850
Lease liabilities	10	16,449	3,802
Borrowings	11	15,917,640	18,325,650
Income tax payable		773,159	1,735,719
Employee benefits		151,335	168,891
Total current liabilities		<u>40,347,997</u>	<u>51,934,912</u>
Non-current liabilities			
Trade and other payables	9	23,830	21,038
Lease liabilities	10	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		372,584,126	372,584,126
Reserves		37,217,508	46,334,275
Accumulated losses		(257,782,669)	(298,214,278)
Equity attributable to the owners of Donaco International Limited		152,018,965	120,704,123
Non-controlling interest		1,183,808	(38,641)
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

	Issued capital	Reserves	Accumulated losses	Non-controlling interest	Total equity
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2022	372,584,126	41,146,061	(261,464,559)	1,626,841	153,892,469
Loss after income tax for the 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	-	(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 \$
Cash flow from operating activities			
Receipts from customers		46,837,853	28,138,036
Payments to suppliers and employees		(29,191,174)	(13,092,121)
		<u>17,646,679</u>	<u>15,045,915</u>
Interest received		1,052	391
Interest and other finance costs paid		(172,486)	(50,377)
Government levies, gaming taxes and GST		(2,444,832)	(3,745,817)
Net cash flows from operating activities		<u>15,030,413</u>	<u>11,250,112</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		1,029,578	6,482,025
Repayment of borrowings		(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	11,863,299
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	(1,232,043)
Cash and cash equivalents at the end of the financial year	6	<u>29,299,453</u>	<u>16,723,912</u>

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

Note 1. Material accounting policies

These preliminary financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Going concern

At 30 June 2024, the consolidated entity recorded net current liabilities of AU\$9.1 million (30 June 2023: AU\$34.1 million). The consolidated entity recorded a net profit after tax of AU\$38.3 million (30 June 2023: net loss after tax of AU\$38.4 million), which included an impairment reversal of AU\$19.8 million for the year (30 June 2023: impairment charge of AU\$26.7 million). Net operating cash inflow was AU\$15 million (2023: AU\$11.3 million) 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\$10.5 million had been drawn down on the loans, leaving an unutilised portion of US\$2.3 million (AU\$15.9 million and AU\$3.4 million 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\$7.8 million (AU\$11.8 million 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\$7.5 million 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 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 149.3 billion (AU\$8.9 million 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.

Note 1. Material accounting policies (continued)

New, revised or amending Accounting Standards and Interpretations adopted

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

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* clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates.

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

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

Note 2. Operating segments

Identification of reportable operating segments

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

The consolidated entity is domiciled in Australia and operates predominantly in six countries: Australia, Cambodia, Vietnam, Singapore, Malaysia and Hong Kong. The Casino operations are segmented geographically between casino operations in Vietnam and Cambodia.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

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.

Note 2. Operating segments (continued)

Intersegment transactions

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

	Casino Operations Vietnam \$	Casino Operations Cambodia \$	Corporate Operations \$	Total \$
Consolidated - 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				
Depreciation and amortisation	8,441,262	16,666,900	(2,911,872)	22,196,290
Asset impairment reversal / (expense)	(2,727,953)	(3,799,479)	(7,861)	(6,535,293)
Interest revenue	19,818,670	-	-	19,818,670
Non-recurring items	844	-	208	1,052
Tax and penalties	-	4,102,847	-	4,102,847
Net exchange (losses) / gains	(129,466)	-	-	(129,466)
Non-controlling interest	(659,683)	(278,592)	494,193	(444,082)
Finance costs	(1,222,449)	-	-	(1,222,449)
	(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				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				
Depreciation and amortisation	1,525,103	10,815,391	(2,726,401)	9,614,093
Impairment of assets	(2,829,372)	(4,494,261)	(7,472)	(7,331,105)
Interest revenue	(22,244,857)	(4,494,220)	-	(26,739,077)
Non-recurring items	339	-	52	391
Tax and penalties	-	-	(5,000)	(5,000)
Net exchange losses	(8,958,403)	-	-	(8,958,403)
Non-controlling interest	(15,305)	(18,709)	(266,194)	(300,208)
Finance costs	1,665,482	-	-	1,665,482
	(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				(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

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

	2024	2023
	\$	\$
Note 4. Other income		
Reversal of accrued penalty and interest on lump sum tax and indirect taxes	1,788,956	-
Lease waived (see Note 10)	1,306,853	-
Slot management system fee reduction	1,007,038	-
	<u>4,102,847</u>	<u>-</u>

	Consolidated	
	2024	2023
	\$	\$

Note 5. Expenses		
Profit / (loss) before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Buildings and structures	4,387,418	4,594,767
Right-of-use asset	738,542	745,937
Furniture and fittings	10,341	8,803
Machinery and equipment	1,331,691	1,863,938
Motor vehicles	6,325	31,098
Office equipment and other	23,208	67,714
Consumables	35,363	16,481
Land right	2,405	2,367
	<u>6,535,293</u>	<u>7,331,105</u>

<i>Impairment (reversal) / expense</i>		
Casino licence (see Note 8)	-	4,494,220
Goodwill (see note 5(a))	-	2,426,187
Land right (see note 5(a))	(7,637)	7,637
Leasehold buildings and structures (see note 5(a))	(18,165,800)	18,165,800
Machinery and equipment (see note 5(a))	(1,451,710)	1,451,710
Motor vehicle (see note 5(a))	(2,574)	2,574
Office equipment and other (see note 5(a))	(24,689)	24,689
Construction in progress (see note 5(a))	(166,260)	166,260
	<u>(19,818,670)</u>	<u>26,739,077</u>

<i>Finance costs</i>		
Interest on borrowings (see Note 11)	1,690,359	2,361,955
	<u>1,690,359</u>	<u>2,361,955</u>

Taxation fines and penalties (see note 5(b))	129,466	8,958,403
	<u>129,466</u>	<u>8,958,403</u>

Note 5. Expenses (continued)

(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 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 VND64.4 billion (AU\$4.2 million 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.

(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 149.3 billion (approximately AU\$8.9 million 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 12 and 13 for further details.

Note 6. Current assets - 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>

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	Consolidated	
	2024	2023
	\$	\$
Note 7. Non-current assets - property, plant and equipment		
Leasehold buildings and structures - at cost	170,583,813	175,921,168
Less: Accumulated depreciation and impairment	<u>(47,070,473)</u>	<u>(61,377,230)</u>
	<u>123,513,340</u>	<u>114,543,938</u>
Right-of-use asset - at cost	30,035,373	33,165,534
Less: Accumulated depreciation	<u>(2,672,377)</u>	<u>(2,027,449)</u>
	<u>27,362,996</u>	<u>31,138,085</u>
Furniture and fittings - at cost	4,971,313	5,137,920
Less: Accumulated depreciation and impairment	<u>(4,954,862)</u>	<u>(5,115,298)</u>
	<u>16,451</u>	<u>22,622</u>
Machinery and equipment - at cost	42,722,819	43,188,575
Less: Accumulated depreciation and impairment	<u>(39,208,989)</u>	<u>(40,129,441)</u>
	<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	<u>(1,896,098)</u>	<u>(1,942,785)</u>
	<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	<u>(3,548,687)</u>	<u>(3,598,143)</u>
	<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 7. 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:

Consolidated	Leasehold buildings \$	Furniture and fittings \$	Machinery and equipment \$	Motor vehicles \$	Office equipment and other \$	Consumables \$	Right-of-use asset \$	Total \$
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 modification	-	-	-	-	-	-	(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.

	Consolidated	
	2024	2023
	\$	\$
Note 8. Non-current assets - intangibles		
Land right - at cost	70,797	72,172
Less: Accumulated amortisation and impairment	(52,527)	(57,737)
	18,270	14,435
Casino licence	448,629,727	448,377,376
Less: Accumulated impairment	(434,981,296)	(434,577,922)
	13,648,431	13,799,454
	13,666,701	13,813,889

DNA Star Vegas - Casino licence

Useful life

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

Following the promulgation of the Law on the Management of Commercial Gambling in November 2020 (the Law), the Royal Government of Cambodia issued on 26 August 2021 Sub-Decree No. 166 on the Minimum Capital Requirement for Casino Operation. This sub-decree sets out the definition of "capital" and the minimum capital requirements for new and existing casino operators in Cambodia, which apply to both stand-alone casinos and casinos within integrated resorts. Prior to the enactment of the Law, there were no integrated resorts as all existing casino operations are stand-alone operations. For these existing casino operations duly licensed to operate prior to the enactment of the Law, the minimum capital requirement of at least KHR400 billion (approximately US\$100 million, or AU\$151 million 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\$12.5 million, or AU\$19 million at 30 June 2024)
- Phase 2 (Year 4 - 30 June 2025) - at least KHR100 billion (approximately US\$25 million, or AU\$38 million at 30 June 2024)
- Phase 3 (Year 7 - 30 June 2028) - at least KHR200 billion (approximately US\$50 million, or AU\$75 million at 30 June 2024)
- Phase 4 (Year 11 - 30 June 2032) - at least KHR300 billion (approximately US\$75 million, or AU\$113 million at 30 June 2024)
- Phase 5 (Year 15 - 30 June 2036) - at least KHR400 billion (approximately US\$100 million, or AU\$151 million 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 8. Non-current assets - intangibles (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 to June 2025 in the value-in-use calculation is based on a contraction rate of 8.2% over the actual revenue 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 million (AU\$2.8 million 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.

	Consolidated	
	2024 \$	2023 \$
Note 9. Trade and other payables		
Current		
Trade payables	3,918,517	3,589,720
Deposits received	63,469	55,311
Floating chips	5,437,440	7,208,277
Interest payable	2,692,590	1,618,896
Taxation fine and penalty payable	8,381,427	9,030,959
Other payables and accrued expenses	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>

Note 10. 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 million (AU\$30.2 million 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.

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.

Note 10. Leases (continued)

(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 7)		
Properties	27,362,996	31,138,085
	<u>27,362,996</u>	<u>31,138,085</u>

	Consolidated	
	2024	2023
	\$	\$
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%.

(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
	<u>738,542</u>	<u>745,937</u>
Interest expense (included in finance cost)	259,868	519,429
	<u>259,868</u>	<u>519,429</u>

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\$1,293,487 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 11. Current liabilities - Borrowings

	Consolidated	
	2024	2023
	\$	\$
Shareholder loan	15,917,640	18,325,650
	<u>15,917,640</u>	<u>18,325,650</u>

An unsecured loan facility was signed in July 2021 with Mr Lee Bug Huy, the current Chief Executive Officer and executive director, for a loan of US\$7.8 million (AU\$11.8 million as at 30 June 2024 spot rate). An additional loan facility agreement was entered into on 2 May 2022 for an additional US\$5 million (AU\$7.5 million 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\$10.5 million had been drawn down on the loans, leaving an unutilised portion of US\$2.3 million (AU\$15.9 million and AU\$3.5 million respectively as at 30 June 2024 spot rate).

Note 11. Current liabilities - Borrowings (continued)

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

Note 12. Events after the reporting period

Additional funding

In July 2024, a repayment of US\$1.7 million (AU\$2.6 million 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\$2.3 million (AU\$3.4 million 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 GDT in response to the appeal that Lao Cai submitted in September 2023, regarding the tax payable for floating chips of approximately VND 149.3 billion (approximately AU\$8.9 million 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 149.3 billion (approximately AU\$8.9 million 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 5 and 9).

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

Note 13. Contingent assets and liabilities

DNA Star Vegas increased penalties and interest

As at 30 June 2024, the consolidated entity does not have any contingent liabilities in respect of the increased penalties and interest on the late payment of the obligatory payments payable by DNA Star Vegas to the Ministry of Economy and Finance of the Kingdom of Cambodia. 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 that would arise if the floating chip movement were to be treated as taxable revenue. Based on estimated tax calculations for the years ended 30 June 2022, 30 June 2023 and 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
	<u>(19,006)</u>	<u>415,276</u>

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

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

Note 14. Earnings / (loss) per share

	Consolidated	
	2024 \$	2023 \$
<i>Earnings / (loss) per share for profit / (loss)</i>		
Profit / (loss) after income benefit / (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	37,062,355	(36,749,719)
	Number Restated	Number Restated
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share	1,234,132,190	1,234,132,190
Adjustments for calculation of diluted loss per share:		
Options and warrants over ordinary shares which are dilutive	-	-
Weighted average number of ordinary shares used in calculating diluted earnings / (loss) per share	1,234,132,190	1,234,132,190
	Cents	Cents
Basic earnings / (loss) per share	3.00	(2.98)
Diluted earnings / (loss) per share	3.00	(2.98)

Note 15. Interests in subsidiaries

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

Name	Principal place of business/ Country of incorporation	Ownership interest	
		30 June 2024	30 June 2023
Donaco Australia Pty Ltd	Australia	100%	100%
Donaco Singapore Pte Ltd	Singapore	100%	100%
Donaco Holdings Ltd *	British Virgin Islands	100%	100%
Donaco Holdings Sdn Bhd *	Malaysia	100%	100%
Lao Cai International Hotel Joint Venture Company Ltd*	Vietnam	95%	95%
Donaco Hong Kong Limited	Hong Kong	100%	100%
Donaco Holdings (HK) Pte Ltd *	Hong Kong	100%	100%
DNA Star Vegas Co. Limited **	Cambodia	100%	100%
Donaco Investment (S) Pte Ltd *	Singapore	100%	100%

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

The principal activities of each subsidiary are:

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