



April 1, 2015

Iao Kun Group Holding Company Limited Announces Fourth Quarter and Full Year 2014 Financial Results

HONG KONG--(BUSINESS WIRE)-- Iao Kun Group Holding Company Limited ("IKGH") (NASDAQ:IKGH), which operates through its subsidiaries and related promotion entities that act as VIP room gaming promoters and collaborator, today announced unaudited financial results for the fourth quarter and the year ended December 31, 2014. All currency amounts are stated in United States dollars. Please refer to the Annual Report on Form 20-F that will be filed with the Securities and Exchange Commission in April 2015 for the full audited financial statements and related disclosures for the year ended December 31, 2014.

Fourth Quarter 2014 and Subsequent Highlights

- Rolling Chip Turnover (a metric used by casinos to measure the aggregate amount of players' bets and overall volume of VIP gaming room business transacted, which is further defined below) for the three months ended December 31, 2014 was \$2.9 billion, a decrease of 34% compared to \$4.4 billion for the three months ended December 31, 2013.
- Net income, including the change in fair value of contingent consideration of \$1.8 million related to the King's Gaming, Bao Li Gaming and Oriental VIP Room acquisitions, was \$5.7 million, or \$0.09 per share (fully diluted), for the fourth quarter of 2014 compared to a net loss of \$5.5 million, or \$(0.09) per share (basic and diluted), for the same period of 2013.
- Non-GAAP income, which is operating income before amortization of intangible assets and the change in fair value of contingent consideration related to the acquisitions of King's Gaming, Bao Li Gaming and Oriental VIP Room, was \$8.0 million, or \$0.13 per share (fully diluted), for the three months ended December 31, 2014 as compared to a non-GAAP loss of \$3.5 million, or \$(0.06) per share (basic and diluted), for the three months ended December 31, 2013.
- In February 2015, the Hong Kong Stock Exchange declared it was unable to proceed with its review of the Company's Form A1 application and the Company has elected to not continue with the application process at this time.

Fourth Quarter 2014 Results

For the three months ended December 31, 2014, IKGH recorded revenue of \$52.3 million, a 4% increase from the same period of 2013, primarily due to a win rate of 3.95% for the three months ended December 31, 2014 (above the statistical average win rate range), compared to a win rate of 2.39% for the three months ended December 31, 2013. The win rate increase was partially offset by (i) slower revenue growth of VIP baccarat, consistent with the overall decline of gaming revenue in Macau; and (ii) the economic downturn and tightening of credit in mainland China, from where the majority of IKGH's VIP gaming patrons reside.

The increase in net income for the three months ended December 31, 2014 was primarily due to increased revenue, a net decrease to the contingent consideration liability for Bao Li Gaming and the Oriental VIP Room, due primarily to lower share prices, and lower commissions as a result of lower Rolling Chip Turnover, partially offset by higher commission rates offered to non-credit agents. IKGH also incurred higher selling, general and administrative expenses for the three months ended December 31, 2014, primarily due to additional costs associated with IKGH's application to list on the Hong Kong Stock Exchange.

"In the fourth quarter, we experienced a win rate above the statistical average, which more than offset the impact of the ongoing VIP baccarat volatility and our Rolling Chip Turnover decline from the prior-year quarter," said Mr. Man Pou Lam (Mr. Lam), Chairman of IKGH. "Despite current Macau VIP market conditions, we remain committed to expanding our presence and market share in the VIP gaming market while continuing to prudently manage our capital to create long-term value for our shareholders."

Full Year 2014 Highlights

- Rolling Chip Turnover for the year ended December 31, 2014 was \$16.6 billion, a decrease of 2% compared to \$17.0 billion for the year ended December 31, 2013.

- Net loss, including the change in fair value of contingent consideration of \$60.9 million related to the King's Gaming, Bao Li Gaming and Oriental VIP Room acquisitions, was \$60.1 million, or \$(0.99) per share (basic and diluted), for the year ended December 31, 2014 compared to net income of \$5.4 million, or \$0.10 per share (fully diluted), for the year ended December 31, 2013.
- Non-GAAP income was \$17.2 million, or \$0.28 per share (fully diluted), for the year ended December 31, 2014 compared to \$31.0 million, or \$0.58 per share (fully diluted), for the year ended December 31, 2013.

Outlook for 2015

For the first two months of 2015, IKGH's Rolling Chip Turnover was US\$1.44 billion (an average of \$0.72 billion per month), down 52% year-over-year, compared to US\$3.02 billion (an average of \$1.51 billion per month) for the first two months of 2014.

The Company is providing 2015 Rolling Chip Turnover guidance for its five existing VIP rooms in Macau of between US\$8.5 billion and US\$10.0 billion.

Conference Call and Replay Information

IKGH will conduct a conference call to discuss the financial results today at 8:30AM EDT/8:30PM Macau. To participate, please dial one of the following numbers at least 10 minutes prior to the scheduled start of the call:

1-888-438-5448 (United States/Canada)
 10-800-714-0940 (North China)
 10-800-140-0915 (South China)
 800-968-149 (Hong Kong)
 800-101-1739 (Singapore)
 0800-404-7655 (United Kingdom)
 1-719-457-2661 (Other International)

Interested parties may also access the live call on the Internet at www.ikghcl.com (select Events and Presentations). Following its completion, a replay of the call can be accessed on the Internet at the above link or for one week by calling either 1-877-870-5176 (U.S. callers) or 1-858-384-5517 (International callers) and providing conference ID 1781917.

Definition of Rolling Chip Turnover

Rolling Chip Turnover is used by casinos to measure the volume of VIP business transacted and represents the aggregate amount of non-negotiable chips players purchased. Bets are wagered with "non-negotiable chips" and winning bets are paid out by casinos in so-called "cash" chips. "Non-negotiable chips" are specifically designed for VIP players to allow casinos to calculate the commission payable to VIP room gaming promoters and collaborator. Commissions are paid based on the total amount of "non-negotiable chips" purchased by each player. VIP room gaming promoters therefore require the players to "roll," from time to time, their "cash chips" into "non-negotiable" chips for further betting (hence the term "Rolling Chip Turnover"). Through the promoters, "non-negotiable chips" can be converted back into cash at any time. Betting using rolling chips, as opposed to using cash chips, is also used by the DICJ to distinguish between VIP table revenue and mass market table revenue.

All IKGH VIP rooms are on a revenue sharing remuneration model. On a win/loss split basis, the VIP room gaming promoter and collaborator receive an agreed percentage of the "win" in the VIP gaming room (plus certain incentive allowances), and is required to also bear the same percentage of losses that might be incurred.

About lao Kun Group Holding Company Limited

IKGH is a holding company which operates through its subsidiaries and related promotion entities that act as VIP room gaming promoters and collaborator, and is entitled to receive all of the profits of the VIP gaming promoters and collaborator from VIP gaming rooms. IKGH's VIP room gaming promoters and collaborator currently participate in the promotion of five major luxury VIP gaming facilities in Macau, China, the largest gaming market in the world. One VIP gaming room is located at the top-tier 5-star hotel, the StarWorld Hotel & Casino in downtown Macau, and another is located in the luxury 5-star hotel, the Galaxy Macau™ Resort in Cotai, each of which is operated by Galaxy Casino, S.A. Additional VIP gaming rooms are located at the Sands Cotai Central and City of Dreams Macau, both in Cotai, and Le Royal Arc Casino, located in NAPE, Downtown Macau.

Forward-Looking Statements

This press release includes forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Forward-looking statements are statements that are not historical facts. Such forward-looking statements, based upon the current beliefs and expectations of IKGH's management, are subject to risks and uncertainties, which could cause actual results to differ from the forward-looking statements. The gaming industry is characterized by an element of chance. Theoretical win rates for IKGH's promotion entities' VIP gaming room operations depend on a variety of factors, some beyond their control. In addition to the element of chance, theoretical win rates are also affected by other factors, including gaming patrons' skill and experience, the mix of games played, the financial resources of gaming patrons, the spread of table limits, the volume of bets placed by IKGH's promotion entities' gaming patrons and the amount of time gaming patrons spend on gambling — thus VIP gaming rooms' actual win rates may differ greatly over short time periods, such as from quarter to quarter, and could cause their quarterly results to be volatile. These factors, alone or in combination, have the potential to negatively impact the VIP gaming rooms' win rates. Investors and potential investors should consult all of the information set forth herein and should also refer to the risk factors set forth in IKGH's Annual Report on Form 20-F filed to be filed in April 2015, and other reports filed or to be filed from time-to-time with the Securities and Exchange Commission.

**IAO KUN GROUP HOLDING COMPANY LIMITED
F/K/A ASIA ENTERTAINMENT & RESOURCES LTD.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)**

	For the Three Months Ended December 31, 2014	For the Three Months Ended December 31, 2013	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013
Revenue from VIP Gaming Operations	\$ 52,273,694	\$ 50,225,431	\$ 233,822,859	\$ 236,850,159
Total Revenues	<u>52,273,694</u>	<u>50,225,431</u>	<u>233,822,859</u>	<u>236,850,159</u>
Expenses				
- Commission to Agents	36,813,086	46,901,559	188,448,178	182,639,067
- Selling, General and Administrative Expenses	7,160,189	6,401,807	26,506,299	21,485,944
- Special Rolling Tax	286,652	437,105	1,662,714	1,704,851
- Amortization of Intangible Assets	4,090,625	4,091,494	16,365,034	13,187,006
Total Expenses	<u>48,350,552</u>	<u>57,831,965</u>	<u>232,982,225</u>	<u>219,016,868</u>
Operating income (loss) before change in fair value of contingent consideration	3,923,142	(7,606,534)	840,634	17,833,291
Change in Fair Value of Contingent Consideration for the Acquisitions of King's Gaming, Bao Li and Oriental	1,783,134	2,089,468	(60,918,569)	(12,445,789)
Net Income (Loss)	<u>5,706,276</u>	<u>(5,517,066)</u>	<u>(60,077,935)</u>	<u>5,387,502</u>
Other Comprehensive Income (Loss)				
Foreign Currency				
- Translation Adjustment	391,040	48,334	65,092	(76,610)
Total Comprehensive Income (Loss)	<u>\$ 6,097,316</u>	<u>\$ (5,468,732)</u>	<u>\$ (60,012,843)</u>	<u>\$ 5,310,892</u>
Net Income (Loss) Per Share				
Basic	\$ 0.09	\$ (0.09)	\$ (0.99)	\$ 0.10
Diluted	<u>\$ 0.09</u>	<u>\$ (0.09)</u>	<u>\$ (0.99)</u>	<u>\$ 0.10</u>
Weighted Average Shares Outstanding				
Basic	61,396,667	61,005,495	60,781,915	53,030,405
Diluted	<u>61,478,528</u>	<u>61,005,495</u>	<u>60,781,915</u>	<u>53,210,572</u>

**F/K/A ASIA ENTERTAINMENT & RESOURCES LTD.
UNAUDITED CONSOLIDATED BALANCE SHEETS**

	December 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,146,534	\$ 7,563,097
Accounts Receivable, Net	1,529,052	5,182,352
Markers Receivable	188,549,136	242,350,301
Prepaid Expenses and Other Assets	348,777	502,017
Total Current Assets	201,573,499	255,597,767
Intangible Assets (net of accumulated amortization of \$42,105,966 and \$25,739,786 at December 31, 2014 and December 31, 2013, respectively)	121,968,648	138,336,945
Goodwill	17,753,907	17,754,136
Property and Equipment (net of accumulated depreciation of \$108,913 and \$38,654 at December 31, 2014 and December 31, 2013, respectively)	322,149	116,419
Other Assets	23,427	23,423
TOTAL ASSETS	\$ 341,641,630	\$ 411,828,690
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Lines of Credit Payable	\$ 32,392,020	\$ 42,670,573
Accrued Expenses	11,682,653	15,701,756
Bao Li Gaming Acquisition-Contingent Purchase Price Obligation	22,662,750	16,837,500
King's Gaming Acquisition-Contingent Purchase Price Obligation	-	9,000,000
Oriental VIP Room Acquisition-Contingent Purchase Price Obligation	13,738,762	21,650,051
Loan Payable, Shareholders, current	2,612,490	5,809,075
Total Current Liabilities	83,088,675	111,668,955
Bao Li Gaming Acquisition-Contingent Purchase Price Obligation, net of current portion	19,628,881	16,189,550
Oriental VIP Room Acquisition-Contingent Purchase Price Obligation, net of current portion	27,665,264	14,878,218
Total Liabilities	130,382,820	142,736,723
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred Shares, \$0.0001 par value Authorized 1,150,000 shares; none issued	-	-
Ordinary Shares, \$0.0001 par value, Authorized 500,000,000 shares; 60,452,314 and 59,306,824 issued and outstanding at December 31, 2014 and December 31, 2013, respectively.	6,044	5,930
Additional Paid-in Capital	130,048,153	126,329,321
Retained Earnings	80,653,190	142,270,385
Accumulated Other Comprehensive Income	551,423	486,331
Total Shareholders' Equity	211,258,810	269,091,967
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 341,641,630	\$ 411,828,690

**Cash Flow Information
(in thousands)**

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013
Net cash provided by operating activities	\$ 60,602	\$ 37,906
Net cash used in investing activities	(291)	(20,127)

Net cash used in financing activities	(56,929)	(30,845)
Net increase (decrease) in cash and cash equivalents	<u>\$ 3,382</u>	<u>\$ (13,066)</u>

Non-GAAP Financial Measures

IKGH's calculation of Non-GAAP income (operating income before amortization of intangible assets and change in fair value of contingent consideration) and Non-GAAP EPS for the three months and years ended December 31, 2014 and 2013 differs from EPS based on net income because it does not include amortization of intangible assets and change in fair value of contingent consideration. IKGH uses this information internally in evaluating its operations and believes this information is important to investors because it provides users of IKGH's financial information with additional useful information in evaluating operating performance for the periods and is more consistently comparable to the prior periods. Notwithstanding the foregoing, Non-GAAP income and EPS should not be considered an alternative to, or more meaningful than, net income and EPS as determined in accordance with GAAP. The following is a reconciliation of IKGH's unaudited net income to Non-GAAP income and GAAP EPS to its Non-GAAP EPS:

	For the Three Months Ended December 31, 2014	For the Three Months Ended December 31, 2013
Net Income (Loss) attributable to ordinary shareholders	\$ 5,706,276	\$ (5,517,066)
Amortization of intangible assets	4,090,625	4,091,494
Change in fair value of contingent consideration	(1,783,134)	(2,089,468)
Non-GAAP income (loss) (before amortization of intangible assets and change in fair value of contingent consideration)	<u>\$ 8,013,767</u>	<u>\$ (3,515,040)</u>
Weighted Average Shares Outstanding		
Basic	<u>61,396,667</u>	<u>61,005,495</u>
Diluted	<u>61,478,528</u>	<u>61,005,495</u>

	For the Three Months Ended December 31, 2014		For the Three Months Ended December 31, 2013	
	Basic	Fully Diluted	Basic	Fully Diluted
Earnings (Loss) per share attributable to ordinary shareholders	\$ 0.09	\$ 0.09	\$ (0.09)	\$ (0.09)
Amortization of intangible assets	0.07	0.07	0.07	0.07
Change in fair value of contingent consideration	(0.03)	(0.03)	(0.03)	(0.03)
Non-GAAP Earnings (Loss) per share (before amortization of intangible assets and change in fair value of contingent consideration)	<u>\$ 0.13</u>	<u>\$ 0.13</u>	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013
Net Income (Loss) attributable to ordinary shareholders	\$ (60,077,935)	\$ 5,387,502
Amortization of intangible assets	16,365,034	13,187,006
Change in fair value of contingent consideration	<u>60,918,569</u>	<u>12,445,789</u>

Non-GAAP income (before amortization of intangible assets and change in fair value of contingent consideration)	\$ 17,205,668	\$ 31,020,297
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Weighted Average Shares Outstanding		
Basic	60,781,915	53,030,405
Diluted	61,002,086	53,210,572

	For the Year Ended December 31, 2014		For the Year Ended December 31, 2013	
	Basic	Fully Diluted	Basic	Fully Diluted
Earnings (Loss) per share attributable to ordinary shareholders	\$ (0.99)	\$ (0.99)	\$ 0.10	\$ 0.10
Amortization of intangible assets	0.27	0.27	0.25	0.25
Change in fair value of contingent consideration	1.00	1.00	0.23	0.23
Non-GAAP Earnings per share (before amortization of intangible assets and change in fair value of contingent consideration)	<u>\$ 0.28</u>	<u>\$ 0.28</u>	<u>\$ 0.58</u>	<u>\$ 0.58</u>

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