

**ASX RELEASE**
**27 July 2015**
**Trading Update – Star Vegas Resort & Club**

Donaco International Limited (“**Donaco**” or “**the Company**”) is pleased to provide a trading update for the business of the Star Vegas Resort & Club in Poipet, Cambodia, for the period up to 30 June 2015.

Investors should note that the Star Vegas only became part of the Donaco Group on 1 July 2015. Accordingly, the results outlined below will not be included in Donaco’s statutory results for FY15, which are due to be announced to the market on 27 August 2015. Nor will these results be included in Donaco’s audited accounts for FY15.

The results of the Star Vegas business for the calendar year to December 2014 have already been outlined to the market, as they were included in the Shareholder Booklet and Independent Expert Report for the Company’s Extraordinary General Meeting held on 27 March 2015. Today’s announcement provides an update on the performance of the business for the June 2015 half, and the full 12 months up to 30 June 2015.

The results outlined below are based on unaudited management accounts. As noted above, these results will not be included in Donaco’s audited accounts for FY15.

**Key Performance Indicators**

<b>(All figures in USD)</b>	<b>FY15 (USD)</b>	<b>FY14 (USD)</b>	<b>Increase</b>
VIP Table Games – Rolling Chip Turnover	3,877,858,454	2,296,783,575	↑ 69%
VIP Table Games – Gross Revenue	103,745,635	67,604,809	↑ 54%
Main Hall Table Games – Gross Revenue	19,175,950	16,300,126	↑ 18%
Table Games – Net Revenue (A)	41,930,174	34,619,254	↑ 21%
Slot Machines – Net Revenue (B)	32,196,941	29,123,108	↑ 11%
Non-Gaming Revenue (C)	2,664,064	1,994,049	↑ 34%
Total Net Revenue (A+B+C)	76,791,179	65,736,411	↑ 17%
Operating Expenses before depreciation (D)	(18,592,343)	(17,195,856)	↑ 8%
EBITDA (A+B+C-D)	58,198,836	48,540,555	↑ 20%

**Note:** All figures have been converted from Thai baht into US dollars at the average exchange rate during each year. FY15: USD1=THB33.18; FY14: USD1=THB32.81.

The increases above have thus been achieved despite an adverse currency impact of 1.13%.

## Management Discussion and Analysis

Rolling chip turnover on table games grew very strongly in the 12 months to June 2015, increasing by 69% over the previous 12 months. Turnover growth was especially strong in the most recent June 2015 half, reaching a total of USD2.25 billion. This was an increase of 38% over the December 2014 half (USD1.63 billion), and an increase of 86% over the previous corresponding June 2014 half (USD1.21 billion).

This significant growth in the business was driven by a number of factors:

1. The success of the Star Vegas marketing initiatives in attracting additional VIP players.
2. The ongoing improvements in highway infrastructure connecting Poipet with the greater Bangkok area.
3. The efforts by the Thai Government to crack down on illegal gambling in the Bangkok area.
4. The December 2013 half (in the comparative period) was adversely affected by flooding around Bangkok. However it should be noted that the June 2014 half was not impacted by this, and the strongest growth has come in the most recent June 2015 half.

Gross revenue from VIP table games also increased strongly, by 54%. The increase in gross revenue was not as strong as the increase in turnover, due to normal fluctuations in the win rate on VIP table games, primarily baccarat. The gross win rate on VIP table games in each half year was as follows: December 2013, 2.68%; June 2014, 3.18%; December 2014, 2.97%; June 2015, 2.46%. Such variations are normal and are to be expected in future periods.

When the Star Vegas results are included in the Company's results announcements in the future, the Company will include both actual and normalised results for VIP table games, using a theoretical win rate, in order to give a better idea of the underlying performance of the business. As a general indication, if a theoretical win rate of 2.85% was applied to all VIP rolling chip turnover, then revenues for FY15 would have been USD6.77 million higher, while revenues for FY14 would have been USD2.15 million lower.

Junket commissions paid on VIP table games increased by 64%, commensurate with the growth in turnover. As the gross revenue increase was 54%, the increase in junket commissions meant that net revenue from table games (after paying commissions) increased by 21%.

The figures for rolling chip turnover exclude cash play on main hall table games. Although there is a small amount of rolling chip turnover in the main hall, the majority of main hall turnover is in cash chips. Junket commissions are not paid on cash play.

Net revenue from slot machines, after paying revenue share to distributor partners, increased by 11%. Total slot machine numbers have continued to increase, reflecting customer demand. In the June 2015 half, management added 185 new slot machines to the gaming floor, increasing the total number of slot machines by 14% (from 1296 to 1485 machines). The new slot machines are expected to contribute more strongly in future periods, as customers become familiar with them.

Revenue from non-gaming activities includes hotel accommodation, food and beverage, rental, and other forms of services income.

Operating expenses have continued to be tightly managed, with an increase of only 8%, despite the substantial growth in the business.



**For further information:**

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**ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)**

Donaco International Limited operates leisure and entertainment businesses across the Asia Pacific region.

Our largest business is the Star Vegas Resort & Club, a successful casino and hotel complex in Poipet, Cambodia, on the border with Thailand. Star Vegas was established in 1999, and is the largest and highest quality of the Poipet casino hotels. The property has more than 100 gaming tables, more than 1400 slot machines, and 385 hotel rooms.

Our flagship business is the Aristo International Hotel, a successful boutique casino in northern Vietnam, located on the border with Yunnan Province, China. Established in 2002, the property has recently been expanded to a brand new 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.

To learn more about Donaco visit [www.donacointernational.com](http://www.donacointernational.com)

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