NAGACORP LTD.
金界控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock code: 3918

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

Financial Highlights for 2012:

- Public Floor Gaming Tables Buy-ins increased by approximately 34%
- Electronic Gaming Machines Bill-ins increased by approximately 28%
- Revenue increased by approximately 25% to US$278.8 million
- Gross profit margin maintained at approximately 73%
- Net profit increased by approximately 23% to US$113.1 million
- Earnings per share of US cents 5.43 (US cents 4.42 per share in 2011)
- Proposed dividend payout ratio of 80% of 2H2012 distributable net profits
- Proposed final dividend of US cents 2.33 per share (or equivalent to HK cents 18.06 per share)

The board of directors (the "Board") of NagaCorp Ltd. (the "Company" and together with its subsidiaries, the "Group") is pleased to announce the consolidated financial results of the Group for the year ended 31 December 2012. The financial information for the year ended 31 December 2012 contained in this announcement was prepared based on the audited consolidated financial statements.

Having considered the Company's financial results, the Board has recommended the payment of a final dividend of US cents 2.33 per share (or equivalent to HK cents 18.06 per share) for the year ended 31 December 2012 (the "Final Dividend"), which represents a dividend payout ratio of 80% based on the net profit for the second half of the year ended 31 December 2012. The proposed Final Dividend together with the interim dividend, the sum of which is US cents 3.84 per share (or equivalent to HK cents 29.84 per share) represent a dividend payout ratio of 71 % based on the net profit generated for the year.

CONSOLIDATED STATEMENT OF INCOME

	Note	**2012 US$'000**	**2011 US$'000**
Revenue	2	278,762	223,781
Cost of sales		(75,568)	(60,024)
Gross profit		203,194	163,757
Other income		1,386	1,915
Administrative expenses		(40,615)	(31,809)
Other operating expenses		(46,348)	(37,854)
Profit before taxation	3	117,617	96,009
Income tax	4	(4,476)	(3,979)
Profit attributable to owners of the Company		113,141	92,030
Earnings per share (US cents)	6	5.43	4.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012 US$'000	2011 US$'000
Profit for the year	113,141	92,030
Other comprehensive income for the year		
- Exchange adjustments	(2)	3
Total comprehensive income attributable to owners of the Company for the year	113,139	92,033

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2012 US$'000	2011 US$'000
Non-current assets			
Property, plant and equipment	8	237,576	187,084
Interest in leasehold land held for own use under operating lease		624	632
Intangible assets	9	80,389	83,936
Prepayments for purchase of construction materials	11	14,436	4,408
		333,025	276,060
Current assets			
Consumables		1,142	1,242
Trade and other receivables	10	20,890	24,391
Prepayments for purchase of construction materials	11	-	5,150
Fixed deposits at bank		15,000	35,500
Cash and cash equivalents		58,225	29,264
		95,257	95,547
Current liabilities			
Trade and other payables	12	26,010	18,794
Current tax liability		373	332
Obligations under finance leases		-	3
		26,383	19,129
Net current assets		68,874	76,418
NET ASSETS		401,899	352,478
CAPITAL AND RESERVES	13		
Share capital		26,026	26,026
Reserves		375,873	326,452
TOTAL EQUITY		401,899	352,478

Notes:

1. Basis of preparation and adoption of new or revised International Financial Reporting Standards

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as "IFRS") issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The IASB has issued certain amendments, revised standards and new interpretations that are first effective for the current accounting period of the Group. The adoption of these amendments, revised standards and new interpretations has no material impact on the consolidated financial statements of the Group for the current and prior periods.

The Group has not early adopted any amendments, new or revised standards or interpretations that are issued but not yet effective for the current accounting period. The Group is in the process of making assessment of the potential impact from these amendments and new or revised standards or interpretations. The directors of the Company are not yet in a position to conclude the impact on the consolidated financial statements.

2. Revenue

Revenue represents net house takings arising from casino operations and income from other operations which are set out as follows:

	2012 US$'000	2011 US$'000
Casino operations – gaming tables	172,829	142,762
Casino operations – electronic gaming machine stations	87,923	68,708
Hotel room income, sales of food and beverages and others	18,010	12,311
	278,762	223,781

3. Profit before taxation

Profit before taxation is arrived at after (crediting)/charging:

	2012 US$'000	2011 US$'000
Interest income	(463)	(1,712)
Auditor´s remuneration		
- current year	349	375
- under-provision for prior year	47	110
Fuel expenses	9,154	7,856
Amortisation of casino licence premium charged to other operating expenses	3,547	3,547
Depreciation and amortisation	16,637	12,225
Impairment loss on trade receivables	89	279
Reversal of impairment loss on trade receivables previously recognised	(659)	-
Write-off of property, plant and equipment	1,502	153
(Gain) / Loss on disposal of property, plant and equipment	(6)	5
Operating lease charges for:		
- land lease rental	187	187
- office and car park rental	807	456
- hire of equipment	1,938	1,877
Exchange loss, net	295	49
Staff costs (including directors' remuneration)		
- Salaries, wages and other benefits	29,720	25,737
- Contributions to defined contribution retirement scheme	9	7

4. Income tax

Income tax in profit or loss represents:

	2012 US$'000	2011 US$'000
Current tax expense		
- Current year	4,476	3,979

Income tax represents monthly gaming Obligation Payment of US$256,577 (2011: US$228,069) and monthly non-gaming Obligation Payment of US$116,438 (2011: US$103,500) payable to the Ministry of Economy and Finance of Cambodia by NagaWorld Limited Gaming Branch and NagaWorld Limited Hotel & Entertainment Branch, branches registered under the name of NagaWorld Limited, a subsidiary of the Company incorporated in Hong Kong. There are no Malaysian or Hong Kong income taxes payable by the Group.

5. Dividends payable to owners of the Company attributable to the year

	2012 US$'000	2011 US$'000
Interim dividend declared during the year:		
2012: US cents 1.51 per ordinary share	31,438	—
2011: US cents 1.54 per ordinary share	—	32,141
Final dividend proposed after the end of reporting period:		
2012: US cents 2.33 per ordinary share	48,595	—
2011: US cents 1.55 per ordinary share	—	32,280
	80,033	64,421

The interim dividend of US$31,438,000 for the year ended 31 December 2012 was declared in August 2012 and paid in September 2012.

6. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of US$113,141,000 (2011: US$92,030,000) and the weighted average number of 2,082,078,875 (2011: 2,082,078,875) ordinary shares in issue during the year.

7. Segment information

The Group manages its business by division, which are organised by a mixture of business lines (casino, hotel & entertainment). The Group has identified the following two main reportable segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment.

- Casino operations: this segment comprises all gaming activities at NagaWorld.
- Hotel and entertainment operations: this segment comprises the operations of leisure, hotel and entertainment activities.

(a) Segment results, assets and liabilities

The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment of the following bases:

Segment assets include all tangible, intangible and current assets. Segment liabilities include trade creditors, other creditors, provision for unredeemed chips and other liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and expenses incurred by those segments or which would otherwise arise from the depreciation and amortisation of assets attributed to those segments.

	Casino operations US$'000	Hotel and entertainment operations US$'000	Total US$'000
Segment revenue:			
Year ended 31 December 2011			
Revenue from external customers	211,470	12,311	223,781
Inter-segment revenue	—	31,668	31,668
Reportable segment revenue	211,470	43,979	255,449
Year ended 31 December 2012			
Revenue from external customers	261,180	17,582	278,762
Inter-segment revenue	—	33,732	33,732
Reportable segment revenue	261,180	51,314	312,494
Segment profit:			
Year ended 31 December			
2011	100,631	14,559	115,190
2012	124,645	18,655	143,300
Segment assets:			
As at 31 December			
2011	372,702	192,766	565,468
2012	419,529	235,839	655,368
Segment liabilities:			
As at 31 December			
2011	(13,091)	(199,573)	(212,664)
2012	(17,788)	(237,862)	(255,650)
Net assets/(liabilities):			
As at 31 December			
2011	359,611	(6,807)	352,804
2012	401,741	(2,023)	399,718

	Casino operations US$'000	Hotel and entertainment operations US$'000	Total US$'000
Other segment information:			
Capital expenditure:			
Year ended 31 December			
2011	1,930	41,762	43,692
2012	16,030	52,126	68,156
Income tax expense:			
Year ended 31 December			
2011	3,979	—	3,979
2012	4,476	—	4,476
Impairment loss on trade receivables:			
Year ended 31 December			
2011	279	—	279
2012	89	—	89

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities to revenue, profit or loss, assets and liabilities per the consolidated financial statements is as follows:

	2012 US$'000	2011 US$'000
Revenue		
Reportable segment revenue	312,494	255,449
Elimination of inter-segment revenue	(33,732)	(31,668)
Consolidated revenue	278,762	223,781
Profit		
Reportable segment profit	143,300	115,190
Depreciation and amortisation		
- reportable segment	(20,098)	(15,721)
- unallocated	(86)	(51)
Unallocated head office and corporate expenses	(5,499)	(3,409)
Consolidated profit before taxation	117,617	96,009
Assets		
Reportable segment assets	655,368	565,468
Elimination of inter-segment assets	(229,402)	(195,608)
	425,966	369,860
Unallocated corporate assets	2,316	1,747
Consolidated total assets	428,282	371,607
Liabilities		
Reportable segment liabilities	(255,650)	(212,664)
Elimination of inter-segment payables	229,402	195,608
	(26,248)	(17,056)
Unallocated corporate liabilities	(135)	(2,073)
Consolidated total liabilities	(26,383)	(19,129)

(b) Geographical information

The Group's operations and activities are located entirely in Cambodia.

8. Property, plant and equipment

The major additions during the year are construction costs in relation to NagaWorld and the acquisition of an aircraft of approximately US$51,537,000 and US$9,002,000 respectively.

9. Intangible assets

The intangible assets comprise the casino licence premium and the extended exclusivity premium of the casino licence for the exclusivity period to the end of 2035 for the consideration of US$108 million, less accumulated amortisation of US$27.6 million (2011: US$24.1 million).

10. Trade and other receivables

	2012 US$'000	2011 US$'000
Trade receivables	15,459	24,734
Less: Allowance for impairment loss	(8,537)	(11,469)
	6,922	13,265
Deposits, prepayments and other receivables	13,968	11,126
	20,890	24,391

The ageing analysis of trade receivables (net of allowance for impairment losses) is as follows:

	2012 US$'000	2011 US$'000
Current to within 1 month	1,331	167
1 to 3 months	794	841
3 to 6 months	-	1,150
6 to 12 months	-	567
More than 1 year	4,797	10,540
	6,922	13,265

The following table reconciles the impairment loss of trade receivables for the year:

	2012 US$'000	2011 US$'000
At beginning of year	11,469	11,190
Impairment loss recognised	89	279
Bad debts written off	(2,362)	-
Reversal of impairment loss previously recognised	(659)	-
At end of year	8,537	11,469

The credit policy on gaming revenue is 7 days from the end of tour. Trade receivables relate mostly to Junket VIP operators and local operators who have good track records with the Group or were active during the year. At the end of reporting period, the Group has a certain concentration of credit risk at 29% (2011: 44%) of the total trade and other receivables that were due from the five largest operators.

The Group recognises impairment loss based on individual assessment of each trade receivable. The Group has a credit policy in place and the exposure to credit risk is monitored on a regular basis. The Group grants credit facilities, on an unsecured basis, to selected Junket VIP operators who have good financial background or with whom the Group has had extensive dealings over the past several years. Credit evaluations are performed on all customers requesting credit facilities.

11. Prepayments for purchase of construction materials

As at the end of the reporting period, prepayments for purchase of construction raw materials relate to prepayments made for the purchase of raw materials necessary for the construction in NagaWorld. The materials have not been received by the Group as at the year end. It is anticipated that the materials will be used in the construction of NagaWorld within the next twelve months.

12. Trade and other payables

	2012 **US$'000**	**2011** **US$'000**
Trade payables *(Note)*	1,170	794
Unredeemed casino chips	10,030	7,335
Deferred revenue	357	-
Deposits	100	96
Construction creditors	6,849	5,533
Accruals and other creditors	7,504	5,036
	26,010	18,794

Note:
Included in trade and other payables are trade creditors with the following ageing analysis as at the end of the reporting period:

	2012 **US$'000**	**2011** **US$'000**
Due within 1 month or on demand	1,012	718
Due after 1 month but within 3 months	20	14
Due after 3 months but within 6 months	60	6
Due after 6 months but within 1 year	78	56
Total	1,170	794

13. Capital and reserves

	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Capital contribution reserve US$'000	Exchange reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2011	26,026	135,498	(12,812)	55,568	62	104,345	308,687
Profit for the year	—	—	—	—	—	92,030	92,030
Dividend declared and paid	—	—	—	—	—	(48,242)	(48,242)
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	3	—	3
At 31 December 2011	26,026	135,498	(12,812)	55,568	65	148,133	352,478
At 1 January 2012	26,026	135,498	(12,812)	55,568	65	148,133	352,478
Profit for the year	—	—	—	—	—	113,141	113,141
Dividend declared and paid *(Note)*	—	—	—	—	—	(63,718)	(63,718)
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	(2)	—	(2)
At 31 December 2012	26,026	135,498	(12,812)	55,568	63	197,556	401,899

Note: The dividend declared and paid during the year ended 31 December 2012 comprises the 2011 final dividend of US$32,280,000 which was paid in August 2012 and the 2012 interim dividend of US$31,438,000 which was paid in September 2012.

Share capital

(i) Authorised:

	2012 US$'000	2011 US$'000
8,000,000,000 ordinary shares of US$0.0125 each	100,000	100,000

(ii) Issued and fully paid:

	2012 Number of shares	2012 US$'000	2011 Number of shares	2011 US$'000
Ordinary shares of US$0.0125 each				
At 1 January and 31 December	2,082,078,875	26,026	2,082,078,875	26,026

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. Acquisition of subsidiaries

The Company entered into a conditional share purchase agreement on 13 June 2011 with Tan Sri Dr Chen Lip Keong, the controlling shareholder of the Company, to acquire the entire equity interests in TanSriChen Inc. ("TSC Inc.") and TanSriChen (Citywalk) Inc. ("City Walk Inc.") both of which are incorporated in the British Virgin Islands and wholly owned by Tan Sri Dr Chen Lip Keong. The agreed consideration is US$369,000,000, which will be settled upon completion, in the form of shares of the Company or convertible bonds to be issued by the Company. The acquisition was approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 January 2012. The completion of the acquisition is subject to the completion of the construction of several projects to be undertaken by TSC Inc. and City Walk Inc. The projects include the development and construction of the hotel and gaming complex, a retail walkway and a tourist park in Cambodia.

MANAGEMENT DISCUSSION & ANALYSIS

The Group owns, manages and operates the largest integrated gaming and entertainment hotel complex in Cambodia - NagaWorld. NagaWorld is the only licensed casino in Phnom Penh, the capital city of Cambodia. NagaWorld features a world-class 660-room hotel (in operation), 15 food and beverage outlets, a nightclub, a karaoke lounge, and a spa. NagaWorld is also widely recognised as a popular meetings, incentives, conventions and exhibitions ("MICE") facilities destination in Indochina. This includes 25,000 square metres of meeting and ballroom space, a stand-alone 6,500 square-metre ballroom, a 60-seat auditorium, and a state-of-the-art exhibition space. There are also 2 newly-opened luxury boutiques in NagaWorld, namely Cartier and Piaget, making their first foray into Cambodia. At the end of 2012, NagaWorld had 138 gaming tables and 1,470 electronic gaming machines. With a built-up area of approximately 110,768 square metres, NagaWorld's size and facilities position it as the leading integrated gaming and entertainment destination in Indochina.

The Group holds a casino licence granted to the Group by the Royal Government of Cambodia (the "Cambodian Government"), for a duration of 70 years commencing from 2 January 1995, and has 41 years of exclusivity (expiring in 2035) within a 200-km radius of Phnom Penh, Cambodia (excluding the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville).

The Company completed an initial public offering of its shares and became a public company listed on the Main Board of The Stock Exchange of Hong Kong Limited on 19 October 2006.

RESULTS

Performance Highlights (Table 1)

For the year ended 31 December 2012 and comparative prior year:

	2012 *US$'000*	**2011** *US$'000*	**Increase / (Decrease)** *%*
Mass Gaming: Public Floor Gaming Tables			
- Buy-ins	348,458	259,343	34.4%
- Win rate	22.4%	24.1%	
- Revenue	77,916	62,625	24.4%
Mass Gaming: Electronic Gaming Machines			
- Bill-ins	995,464	777,257	28.1%
- Win rate	11.5%	11.5%	
- Win per unit per day ("WUD") (US$)	236	229	3.1%
- Revenue	87,923	68,708	28.0%
- No. of machines in operations at end of year	1,470	1,130	30.1%
Junkets & VIP			
- Rollings	3,786,670	3,237,939	16.9%
- Win rate	2.5%	2.5%	
- Revenue	94,913	80,137	18.4%
- Number of visitors (persons)	25,090	16,019	56.6%
Non-gaming			
- Room revenue	5,797	4,268	35.8%
- Food and beverage revenue	10,767	6,987	54.1%
- Other non-gaming revenue	1,446	1,056	36.9%
- Total revenue	18,010	12,311	46.3%
- Average hotel room occupancy rate	83%	78%	

BUSINESS OVERVIEW

The ongoing European sovereign debt crisis, fiscal cliff overhang in the United States (U.S.), intensifying disputes between China and Japan, and the slowdown in China's economic growth concluded the year 2012. Despite the volatile economic conditions in much of the developed world, the Group recorded a healthy growth in all its business segments, thanks to the continued strong growth of the Indochina (Cambodia, Laos, Myanmar, Thailand and Vietnam) economies, where the Group's operations are based.

Worldwide international tourist arrivals grew by 4% to 705 million in the first eight months of 2012, compared to the same period in 2011, according to the latest United Nation World Tourism Organization ("UNWTO") World Tourism Barometer. The UNWTO further projects full-year numbers to hit the historic 1 billion mark. More importantly, tourist arrivals in Cambodia continued to significantly outpace worldwide tourism growth by recording an increase of 24% to 3.2 million visitors in the first eleven months of 2012, compared to the same period in 2011. Vietnam (22%), Korea (12%) and China (9%) comprise the top 3 countries of all tourist arrivals and collectively account for 43% in 2012, growing at 25% year-on-year (Source: Ministry of Tourism, Cambodia ("MOTC")). The increase in visitation from these gaming-centric countries is a prime driver for the Group's continued business growth.

Mass Gaming – Public Floor Gaming Tables and Electronic Gaming Machines ("EGMs")

The Group recorded a 34.4% (public floor gaming tables) and a 28.1% (EGMs) increase in business volume in 2012, on the back of strong tourist arrivals' growth to Cambodia. The Group's strategy of segmentising the mass market based on player profiles and playing habits also led to incremental business volume in this segment. For example, NagaRock, a premium mass gaming area which opened in February 2012, targets the higher-end public floor players who look for a more relaxed and entertaining gaming environment, with higher table limits. NagaRock proved to be a successful casino cell concept and laid a strong foundation for the Group's premium mass gaming business in 2012.

The proven success of the Rapid1 gaming area in 2011 also led to the launch of the Rapid2 gaming area in June 2012. The launch of rapid gaming areas is one of the strategies to further segmentize the mass gaming players by moving the lower end players from gaming tables to rapid gaming machines with lower limits, driving incremental business volume in the overall mass gaming segment.

NagaRock ramped up successfully during the year and contributed significantly to the overall increase in mass gaming revenue. In the process, it became increasingly popular among the VIP players, resulting in some volatility on the public floor gaming tables revenue. As a result, this led to a lower win rate for the Group of 22.4% during the year compared to 24.1% in the previous year. Despite the slight decrease in win rate, public floor gaming tables continued to record a healthy increase in revenue of 24.4% to US$77.9 million. It is however imperative that the Group continues to develop its premium mass players as maturity of the premium mass gaming areas will eventually reduce such volatility.

In the EGMs segment, despite the Group increasing the number of gaming machines during the year, the WUD increased from US$229 to US$236, resulting in an increase in revenue of 28% to US$87.9 million. Win rate on the EGMs has also maintained at a healthy 11.5%.

The Group launched its first loyalty programme, called the Golden Edge Rewards Club, in January 2012. To date, the programme has successfully captured more than 22,000 members. The loyalty programme has enabled the Group to better understand its members' profiles and create targeted marketing efforts. This will enable the Group to focus on player development initiatives to increase visitation frequency and play-time.

In May 2012, the Group opened its first office in the business district of Ho Chi Minh City to facilitate the sales and marketing efforts in Vietnam. In conjunction with the Vietnam office opening, a luxury bus service from Ho Chi Minh City to Phnom Penh was also launched, as part of the Group's joint efforts with the MOTC to promote tourism to the Kingdom of Cambodia. These efforts resulted in an increase in Vietnamese visitation to NagaWorld, contributing to a growth in both gaming and non-gaming segments during the year. In December 2012, the Group launched another premium mass gaming area called Saigon Palace with 9 gaming tables and approximately 120 EGMs, to cater to the needs of the Vietnamese clientele.

The Group's Bangkok marketing office commenced operations in September 2012 and is making inroads into promoting NagaWorld to the Thai gaming market. Given the 7 daily direct flights from Bangkok to Phnom Penh and higher spending power of Thais (vis-à-vis other Indochina tourists), Thailand offers an opportunity for premium mass gaming.

Junkets & VIP

Rollings increased by 16.9% to approximately US$3.8 billion during the year, as a result of further market penetration into the Group's traditional VIP markets of Malaysia, Indonesia, Thailand, China and Vietnam. The Group continued its strategy of positioning NagaWorld as a low-end VIP destination, offering relatively high rolling commission rates while providing quality VIP player experience. The relatively low cost entertainment options in Phnom Penh have proven to be attractive for this category of VIP players.

Despite the Group's conservative credit policy implemented since 2009, the junket segment has been experiencing a steady increase in number of players and business volume, whilst minimising gaming volatility. This translated into a 18.4% increase in revenue to US$94.9 million, while win rate maintained at 2.5%. However, due to the relatively low gross profit margin from the Junket and VIP segment of 37%, this segment of the Group's business accounts for only 17% of gross profit. This is analysed in Table 2 of this announcement.

To further develop the Junkets and VIP segment, the Group will emphasize on win-win formulas and turn the junket operators into casino owners so as to drive rollings and broaden its customer base. Such strategies would enable the Group to increase its table limits, while limiting its exposure and managing volatility.

Non-Gaming Revenue – Hotel, Food & Beverage and Entertainment

The Group's strategic marketing efforts in key target markets aim to provide internationally recognised services to both gaming and non-gaming patrons and continue to carve NagaWorld a unique niche in an increasingly competitive landscape. In February 2012, the Group opened 100 hotel rooms and in November 2012, added another 100 rooms, bringing the total room inventory to approximately 660 rooms. Despite the increase in room inventory, the average occupancy rate increased to 83%, compared to 78% in 2011, a reflection of the Group's strong growth trajectory. As a result, the Group's non-gaming revenue increased by 46.3% to US$18.0 million in 2012.

At the 2012 Vietnam International Tourism Exhibition held in Ho Chi Minh City in September, NagaWorld won 3 awards, namely Best Leisure Resort in Cambodia, Best Integrated Entertainment Destination in Cambodia and Best 5-star Hotel of the Year in Cambodia. This recognition in the tourism industry reinforces NagaWorld's position as a prime entertainment destination for the Vietnamese and the Group is well-poised for further market developments in Vietnam and the region.

The leading position of NagaWorld has successfully attracted world-famous luxury brands such as Cartier, which opened a flagship boutique in NagaWorld in August 2012, and Piaget, which opened a flagship boutique in October 2012. This is the first time that these luxury brands are entering Cambodia and the Group believes in enticing more luxury brands to enhance the high-end retail experience of its patrons. The Group also plans to add Rolex and another 2 luxury boutiques in 2013. This will further solidify NagaWorld's overall appeal to both the VIP and mass gaming segments.

Gross Revenue and Gross Profit Analysis (Table 2)

	Gross Revenue		Gross Profit		Gross Profit Margin
	US$'000	%	US$'000	%	%
Mass Market (Mass gaming and non-gaming)	183,849	66%	167,920	83%	91%
Junkets & VIP	94,913	34%	35,274	17%	37%
Total	278,762	100%	203,194	100%	73%

The Group recorded a gross profit increase of 24.1% to approximately US$203.2 million for the year ended 31 December 2012. During the year, the Group continued to maintain its high gross profit margin at about 73% due to higher contribution from the mass market segment, which accounted for approximately 66% of total revenue in 2012. These business segments do not incur rolling commissions, unlike the junkets & VIP segment. Hence, the mass market segment with a gross profit margin of 91%, contributed a significant 83% to the Group's gross profit in 2012.

Administrative and Other Operating Expenses (Before Impairment losses, Depreciation and Amortisation)

Administrative and other operating expenses before impairment losses, depreciation and amortisation increased by 24.4% to US$66.7 million during 2012. The increased expenses were required to support the higher business volume on the existing mass gaming and junkets & VIP segments, in addition to the opening of new gaming areas and non-gaming facilities during the year. Staff-related costs also increased by 15.5% due to the hiring of experienced and qualified staff to facilitate the new regional marketing efforts and property enhancements of NagaWorld. The number of staff increased from 3,615 to 4,544 during the year.

Finance Costs

The Group did not incur any finance costs as there were no financing arrangements as at 31 December 2012. The Group has continued to remain debt-free.

Net Profit

Net profit attributable to shareholders of the Group, or net profit, increased by 23% to US$113.1 million for the year ended 31 December 2012. Net profit margin for the year was maintained above 41%.

The higher business volume registered across all business segments and continuous improvement in operational efficiency has contributed to the increase in net profit. The Group continues to maintain operational efficiency through better cost control as well as effective marketing efforts in various market segments to maintain the interest of our gaming customers and drive incremental revenues.

Earnings per share were approximately US cents 5.43 (HK cents 42.1 per share) and US cents 4.42 (HK cents 34.3 per share) for the years ended 31 December 2012 and 2011 respectively.

FINANCIAL REVIEW

Pledge of Assets

As at 31 December 2012, the Group had not pledged any assets for bank borrowings (31 December 2011: Nil).

Contingent Liabilities

As at 31 December 2012, the Group had no contingent liabilities (31 December 2011: Nil).

Update on Naga2

The Company entered into a conditional Share Purchase Agreement on 13 June 2011 with Tan Sri Dr Chen Lip Keong to acquire TSC Inc. and City Walk Inc (collectively "Naga2"). An Extraordinary General Meeting was held on 30 January 2012 at which a resolution was passed by the independent shareholders to approve the acquisition agreement and ancillary matters.

Completion of the acquisition is subject to TSC Inc. and City Walk Inc. completing construction of, amongst other things, a hotel and gaming complex and a retail walkway adjacent to NagaWorld. Construction works commenced during the year, and it is anticipated that the project will be completed within the next 3 to 5 years. As the project is being funded by the private companies of Tan Sri Dr Chen Lip Keong, none of the building costs are attributable to or paid for by the Group.

Exchange Rate Risk

The Group's income is earned principally in United States dollars. The Group's expenditure is paid principally in United States dollars and to a lesser extent in Cambodian Riels. The Group therefore does not have any significant exposure to foreign currency risk and therefore has not entered into any currency hedging transactions.

Issue of New Shares

There were no share issues during the year.

Liquidity, Financial Resources and Gearing

As at 31 December 2012, the Group had total cash and cash equivalents and fixed deposits at banks of approximately US$73.2 million (2011: approximately US$64.8 million).

As at 31 December 2012, the Group had net current assets of approximately US$68.9 million (2011: US$76.4 million). The Group had net assets of approximately US$401.9 million as at 31 December 2012 (2011: US$352.5 million).

As at 31 December 2012 and 2011, the Group had no outstanding borrowings.

Capital and Reserves

As at 31 December 2012, the capital and reserves attributable to owners of the Group was approximately US$401.9 million (2011: US$352.5 million).

Staff

As at 31 December 2012, the Group employed a work force of 4,544 (2011: 3,615), stationed in Cambodia, Hong Kong, Malaysia, Thailand, Vietnam and the United States. The remuneration and staff costs for the financial year was approximately US$29.7 million (2011: approximately US$25.7 million).

Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to a defined contribution retirement scheme and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Trade Receivables and Credit Policy

The Group continues to monitor the changes in trade receivables and focused on their recovery, resulting in a 48% decrease in trade receivables from US$13.3 million to US$6.9 million during the year. This is a manageable level of receivables and is trending downwards.

For the year under review, the Group has made a provision for impairment loss amounting to US$0.1 million (31 December 2011: US$0.3 million) and bad debts written off amounting to US$2.4 million (31 December 2011: Nil). These debts had been fully provided for in previous years.

The Group has adhered to its strict credit guidelines implemented since 2009. From time to time, the Group reviews and monitors its junket operators to ensure they comply with the credit guidelines. The Group strives to maintain a win-win cordial commercial relationship with many of these junket operators for a long period of time. Mutual support from these junket operators are essential for the growth in the junket business going forward.

PROSPECTS

The Indochina region has been somewhat insulated from the economic slowdown in the developed world, as a result of vibrant organic growth within the region. With a combined population of more than 240 million (Source: International Monetary Fund (“IMF”)), the Indochina region represents a significant market for the Group and the Group believes that its growth in the coming years will be in line with the continued prosperity of the region.

The IMF estimates that the Indochina countries will record an average real Gross Domestic Product (GDP) growth of approximately 6.4% in 2012 and 6.6% in 2013. This will enable the Group to experience continued growth in the coming year, since both Thailand and Vietnam prohibit their citizens from gambling in their countries. In September 2012, the Vietnamese government completed the draft gaming decree, prohibiting the local Vietnamese to enter local casinos (Source: VietnamNet Bridge, 2 September 2012), which bodes well for the Group.

In Cambodia, economic growth also remains strong. The World Bank (WB) maintains an economic growth forecast for Cambodia of 6.6% for 2012 and 6.7% for 2013, driven by 4 key sectors: manufacturing, tourism, agriculture and construction. From 2004 to 2012, foreign direct investments ("FDIs") into Cambodia grew by a compounded annual growth rate (CAGR) of approximately 26%. The Ministry of Economy and Finance estimates that FDIs into Cambodia will grow by approximately 13.3% to US$768 million in 2012, coming from China, South Korea and U S. In particular, China has pledged to invest US$ 2.5 billion in Cambodia in 2013 and both sets of leaders from Cambodia and China have agreed to boost bilateral trade to US$5 billion by 2017 (Source: Cambodian Business Review, January 2013).

On the political front, during Cambodia's third commune elections held on 4 June 2012, the ruling party, Cambodian People's Party, achieved an overwhelming victory, winning 72% of the total 11,459 commune seats (Source: Phnom Penh Post). This demonstrates the strong support for the ruling party by the people of Cambodia. The Group believes that the favourable macro political economic environment in Cambodia and the Indochina region as a whole would continue to drive FDIs, tourism and better business sentiments in 2013.

On the back of strong tourism growth in 2012, the MOTC estimates that tourist arrivals into Cambodia will reach 7 million by 2020. The Association of Southeast Asian Nations (ASEAN) Summit hosted by Cambodia in November 2012 having successfully won praises from leaders around the world would certainly raise Cambodia's international profile in attracting future investments as well as tourist visitation. As a result, the Cambodian Government has decided to put into action its plans of improving accessibility and increasing the number of weekly direct flights into Cambodia.

In 2012, 3 airlines commenced operations to Cambodia and several existing airlines introduced a total of more than 40 new weekly flights into Cambodia, bringing the total number of weekly flights to approximately 360. In addition, the Cambodian Government is targeting to bring in new flight routes from Doha, Manila, Jakarta, Dubai and India's main cities. The existing Phnom Penh and Siem Reap international airports would also have their capacities doubled to house 5 million passengers each, by 2015. Furthermore, a new international airport in Kompong Chhnang (90km from Phnom Penh) is scheduled to be completed by 2030 (Sources: Cambodia Business Review, January 2013; Phnom Penh Post). NagaWorld, being the leading tourist destination in Phnom Penh, will naturally stand to benefit from all these developments.

In line with the strategy of the Group to further penetrate the Vietnamese market, Saigon Palace (another casino cell concept) opened in December 2012. Apart from ramping up the operations of Saigon Palace, the Group plans to open the Aristocrat Private Club (a high-rollers VIP club) in 2013, targeting quality, higher-end public floor players through higher table limits.

The Group anticipates that the junket business strategy (as discussed in earlier paragraphs), of emphasizing win-win formulas for both NagaWorld and junket operators, will be a key driver in the growth of the junket business. In this regard, the Group is in discussions with several regional operators to move forward on this basis. To support the more discerning VIP players, NagaWorld had added 5 luxury gaming suites in January 2013, and another 2 targeted for opening later in 2013. These suites provide individual private gaming space for higher-end junket players who seek ultimate comfort, convenience and privacy. These luxury VIP suites are the first of its kind in the region and will be a prelude to Naga2, which will feature 50 of such suites upon completion. To further upgrade NagaWorld's VIP gaming facilities, the Group is planning a luxurious new Junkets & VIP gaming area, integrated with entertainment and restaurants on the rooftop of the existing Pool Block.

As part of the Group's long term strategy to continue growing the mass market and VIP segments, the independent shareholders' approval in January 2012 to acquire Naga2 from the controlling shareholder marked a significant milestone for the Company. Naga2, with a total built-up area of 97,620 square metres, will feature over 1,000 hotel rooms, 50 luxury VIP suites, up to 18,738 square metres of retail space, a 4,000 seating capacity MICE/ theatre facilities and additional gaming space (up to 300 gaming tables and 500 EGMs). This future expansion will cater to the growing demand for gaming and entertainment facilities in the region. In November 2012, the official ground breaking ceremony for Naga2 was held and piling works have since commenced. In addition, the opening of Cartier and Piaget (first luxury chains in 50 years), and other soon-to-be-opened luxury boutiques set the stage for a leading retail centre and successful Naga2 retail development. The completion of Naga2 within the next 3 to 5 years, together with the presence of these luxury brands, will solidify NagaWorld's position as a leading integrated gaming and entertainment destination in Indochina.

CORPORATE GOVERNANCE PRACTICES

The revised Appendix 14 to the Listing Rules, Corporate Governance Code and Corporate Governance Report (the "Revised Code") took effect on 1 April 2012 and applies to financial reports covering periods after 1 April 2012. The directors, having reviewed the corporate governance practices of the Company, and considered, among other things, the findings of reviews conducted by the independent professional parties, confirm that the Company has complied with all the applicable code provisions as set out in the Code on Corporate Governance Practices (for the period from 1 January 2012 to 31 March 2012) and Revised Code (for the period from 1 April 2012 to 31 December 2012) contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by directors. Having made specific enquiry, the Company confirms that the directors have complied with the required standards set out in the Model Code for the financial year ended 31 December 2012.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2012 have been reviewed by the audit committee of the Company which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

INTERIM AND FINAL DIVIDEND

The Board recommends the payment of Final Dividend of US cents 2.33 per share (or equivalent to HK cents 18.06 per share) for the year ended 31 December 2012 to shareholders whose names appear on the Company's register of members on Friday, 31 May 2013. Subject to the approval of the shareholders of the Company at the annual general meeting ("AGM") to be held on Friday, 24 May 2013, the Final Dividend is expected to be paid to shareholders by post on or about Thursday, 13 June 2013. The proposed Final Dividend together with an interim dividend of US cents 1.51 per share (or equivalent to HK cents 11.78 per share) paid on 28 September 2012, the total dividend declared for the financial year ended 31 December 2012 would thus be US cents 3.84 per share (or equivalent to HK$ 29.84 per share).

CLOSURE OF REGISTER OF MEMBERS

1. AGM

   The register of members will be closed from Tuesday, 21 May 2013 to Friday, 24 May 2013, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 20 May 2013.

2. Proposed Final Dividend

   The register of members will be closed on Friday, 31 May 2013. The ex-dividend date will be Wednesday, 29 May 2013. In order to qualify for the proposed Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at the abovementioned address not later than 4:30 p.m. on Thursday, 30 May 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the Company's website at www.nagacorp.com. The annual report 2012 of the Company will also be published on the aforesaid websites in due course.

OUR APPRECIATION

Finally, we would like to express our gratitude to our shareholders, suppliers and customers for their unfaltering support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

On behalf of the Board of
NAGACORP LTD.
Timothy Patrick McNally
Chairman

As at the date of this announcement, the directors of the Company are:

Executive Directors

Tan Sri Dr Chen Lip Keong, Philip Lee Wai Tuck and Chen Yepern

Non-executive Director

Timothy Patrick McNally

Independent Non-executive Directors

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Lim Mun Kee and Michael Lai Kai Jin

Hong Kong, 6 February 2013

* *For identification purpose only*

"Please also refer to the electronic version of the announcement on the Company's website at www.nagacorp.com."

In this announcement, where amounts denominated in US$ have been converted to HK$, such conversions were made at an exchange rate of US$1.0 to HK$7.75. Please note that the conversion in relation to the 2012 interim dividend as disclosed in the 2012 interim results announcements adopted the exchange rate of US$1.0 to US$7.8.