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NAGACORP LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3918

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

Financial Highlights for 2014:

- Gross Gaming Revenue increased by 17% to US\$381.4 million
- VIP Rollings increased by 35% to US\$6.2 billion, VIP Gross Revenue increased by 41% to US\$188 million
- Mass Market Tables Buy-ins increased by 16% to US\$465.5 million, Gross Revenue increased by 21% to US\$109 million
- Electronic Gaming Machines Bills-in increased by 8% to US\$1.2 billion, Gross Revenue decreased by 17% to US\$85 million
- Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) increased by 2% to US\$176 million
- Net Profit decreased by 3% to US\$136 million
- Proposed dividend payout ratio of 70% of net profits
- Proposed final dividend of US cents 2.11 per share (or equivalent to HK cents 16.35 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 2014. The financial information for the year ended 31 December 2014 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 2.11 per share (or equivalent to HK cents 16.35 per share) for the year ended 31 December 2014 (the “Final Dividend”). The proposed Final Dividend together with the interim dividend, the sum of which is US cents 4.18 per share (or equivalent to HK cents 32.40 per share) represent a dividend payout ratio of 70% based on the net profit generated for the year. The final dividend shall be paid on Monday, 4 May 2015.

CONSOLIDATED STATEMENT OF INCOME

	<i>Note</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Revenue	2	404,298	344,946
Cost of sales		(131,604)	(96,395)
Gross profit		272,694	248,551
Other income		3,295	1,762
Administrative expenses		(51,483)	(46,973)
Other operating expenses		(82,545)	(57,937)
Profit before taxation	3	141,961	145,403
Income tax	4	(5,875)	(5,113)
Profit attributable to owners of the Company		136,086	140,290
Earnings per share (US cents) – Basic and diluted	6	5.96	6.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Profit and total comprehensive income attributable to owners of the Company for the year	136,086	140,290

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Non-current assets			
Property, plant and equipment	8	337,231	270,115
Interest in leasehold land held for own use under operating lease		608	616
Intangible assets	9	73,295	76,842
Prepayments for purchase of construction materials	11	13,732	18,108
Prepayments – non-current		1,327	3,519
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		426,193	369,200
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Current assets			
Consumables		1,292	1,007
Trade and other receivables	10	29,062	17,771
Investment in bonds	12	25,809	-
Cash and cash equivalents	13	178,238	252,130
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		234,401	270,908
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Current liabilities			
Trade and other payables	14	34,604	39,723
Current tax liability		490	426
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		35,094	40,149
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Net current assets		199,307	230,759
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NET ASSETS		625,500	599,959
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
CAPITAL AND RESERVES			
Share capital	15	28,526	28,526
Treasury shares		(9,004)	-
Reserves		605,978	571,433
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
TOTAL EQUITY		625,500	599,959
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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 except for financial assets at fair value through profit or loss, which are measured at fair values.

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:

	2014	2013
	US\$'000	US\$'000
Casino operations – gaming tables	296,821	222,981
Casino operations – electronic gaming	84,563	101,936
Hotel room income, sale of food, beverage and other	22,914	20,029
	404,298	344,946

3. Profit before taxation

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

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Interest income	(1,113)	(625)
Auditor's remuneration:		
- current year	516	389
- under-provision in prior year	146	-
Fuel expenses	9,101	8,776
Amortisation of casino licence premium charged to other operating expenses	3,547	3,547
Depreciation and amortisation	30,150	22,877
Impairment loss on trade receivables	1,519	-
Reversal of impairment loss on trade receivables previously recognised	(263)	(537)
Write-off of property, plant and equipment	-	858
Loss on disposal of property, plant and equipment	52	1
Unrealised gain on investment in bonds	(684)	-
Operating lease charges for:		
- land lease rental	294	187
- office and car park rental	1,547	1,206
- hire of equipment	3,986	3,488
Exchange loss, net	851	1,054
Staff costs (including directors' remuneration)		
- Salaries, wages and other benefits	48,668	34,672
- Contributions to defined contribution retirement scheme	13	22

4. Income tax

Income tax in profit or loss represents:

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Current tax expense		
- Current year	5,875	5,113

Income tax represents monthly gaming obligation payment of US\$324,731 (2013: US\$288,650) and monthly non-gaming obligation payment of US\$164,875 (2013: US\$137,396) payable to the Ministry of Economy and Finance of Cambodia by NagaWorld Limited Gaming Branch and NagaWorld Limited Hotel and 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

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Interim dividend declared during the year:		
2014: US cents 2.07 per ordinary share	47,334	-
2013: US cents 1.93 per ordinary share	-	43,996
Final dividend proposed after the end of reporting year:		
2014: US cents 2.11 per ordinary share	47,925	-
2013: US cents 2.38 per ordinary share	-	54,207
	95,259	98,203

The interim dividend of US\$47,334,000 (2013: US\$43,996,000) for the six months period ended 30 June 2014 was declared in August 2014 and paid in September 2014.

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\$136,086,000 (2013: US\$140,290,000) and the weighted average number of 2,281,614,300 (2013: 2,235,503,533) ordinary shares in issue less treasury shares during the year.

The weighted average number of ordinary shares is as follows:

	2014	2013
Issued ordinary shares at 1 January	2,282,078,875	2,082,078,875
Issue of shares under placement	-	153,424,658
Purchase of own shares	(464,575)	-
	<u>2,281,614,300</u>	<u>2,235,503,533</u>

There were no dilutive potential ordinary shares in existing during the year ended 31 December 2014 and paid in September 2014.

7. Segment information

The Group manages its businesses by division, which are organised by a mixture of business segments (casino, hotel and 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
<i>Segment revenue:</i>			
Year ended 31 December 2013			
Revenue from external customers	325,033	19,913	344,946
Inter-segment revenue	-	31,782	31,782
	<hr/>	<hr/>	<hr/>
Reportable segment revenue	<u>325,033</u>	<u>51,695</u>	<u>376,728</u>
Year ended 31 December 2014			
Revenue from external customers	380,415	23,883	404,298
Inter-segment revenue	-	37,224	37,224
	<hr/>	<hr/>	<hr/>
Reportable segment revenue	<u>380,415</u>	<u>61,107</u>	<u>441,522</u>
<i>Segment profit:</i>			
Year ended 31 December			
2013	164,496	16,649	181,145
2014	166,474	20,603	187,077
	<hr/>	<hr/>	<hr/>
<i>Segment assets:</i>			
As at 31 December			
2013	521,271	384,944	906,215
2014	567,047	380,347	947,394
	<hr/>	<hr/>	<hr/>
<i>Segment liabilities:</i>			
As at 31 December			
2013	(28,779)	(277,396)	(306,175)
2014	(29,232)	(294,356)	(323,588)
	<hr/>	<hr/>	<hr/>
<i>Net assets:</i>			
As at 31 December			
2013	492,492	107,548	600,040
2014	537,815	85,991	623,806
	<hr/>	<hr/>	<hr/>

	Casino operations US\$'000	Hotel and entertainment operations US\$'000	Total US\$'000
<i>Other segment information:</i>			
<i>Capital expenditure:</i>			
Year ended 31 December			
2013	2,164	53,849	56,013
2014	53,252	43,934	97,186
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<i>Impairment loss on trade receivables:</i>			
Year ended 31 December			
2013	-	-	-
2014	1,519	-	1,519
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<i>Reversal of impairment loss on trade receivables:</i>			
Year ended 31 December			
2013	(537)	-	(537)
2014	(263)	-	(263)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

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:

	2014	2013
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue		
Reportable segment revenue	441,522	376,728
Elimination of inter-segment revenue	(37,224)	(31,782)
	<hr/>	<hr/>
Consolidated revenue	404,298	344,946
	<hr/> <hr/>	<hr/> <hr/>
Profit		
Reportable segment profit	187,077	181,145
Other revenue	716	121
Depreciation and amortisation	(33,697)	(26,424)
Unallocated head office and corporate expenses	(12,135)	(9,439)
	<hr/>	<hr/>
Consolidated profit before taxation	141,961	145,403
	<hr/> <hr/>	<hr/> <hr/>
Assets		
Reportable segment assets	947,394	906,215
Elimination of inter-segment assets	(288,973)	(268,150)
	<hr/>	<hr/>
Unallocated corporate assets	658,421	638,065
	2,173	2,043
	<hr/>	<hr/>
Consolidated total assets	660,594	640,108
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	(323,588)	(306,175)
Elimination of inter-segment payables	288,973	268,150
	<hr/>	<hr/>
Unallocated corporate liabilities	(34,615)	(38,025)
	(479)	(2,124)
	<hr/>	<hr/>
Consolidated total liabilities	(35,094)	(40,149)
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(b) Geographical information

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

8. Property, plant and equipment

For the year ended 31 December 2014, the Group acquired property, plant and equipment totalling US\$97.3 million. This included US\$44.9 million in relation to acquisition of three aircraft and US\$48.9 million in respect of capital improvements within NagaWorld.

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\$34.7 million (2013: US\$31.2 million).

10. Trade and other receivables

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Trade receivables	14,371	11,778
Less: Allowance for impairment loss	(1,829)	(2,290)
	12,542	9,488
Deposits, prepayments and other receivables	16,520	8,283
	29,062	17,771

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

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Current to within 1 month	11,173	6,984
1 to 3 months	1	578
6 to 12 months	605	-
More than 1 year	763	1,926
	12,542	9,488

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

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
At beginning of year	2,290	8,537
Impairment loss recognised	1,519	-
Bad debts written off	(1,717)	(5,710)
Reversal of impairment loss previously recognised	(263)	(537)
	1,829	2,290

The credit policy for gaming receivables is seven days (2013: seven days) from end of tour. The credit policy on non-gaming receivables is thirty days from end of month (2013: thirty days from end of month).

11. Prepayments for purchase of construction materials

As at the end of the reporting year, prepayments for purchase of construction raw materials relate to prepayments made for the purchase of raw materials necessary for construction activities 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 construction activities in NagaWorld within the next twelve months.

12. Investment in bonds

On 13 June 2014, the Group has bought certain notes (the "Bonds") linked to a China bond USD hedged index issued by a reputable international bank (the "Index"). The Bonds are traded over-the-counter. The coupon rate is 3% per annum based on nominal value of US\$25,000,000 and the maturity date of which is three years from the date of issue, i.e. 13 June 2017. The Bonds are redeemable at the maturity date and the redemption amount is calculated based on the Index level at the issue date and at the maturity date. In the opinion of the directors, the Bonds will not be held to maturity and are to be disposed within 12 months. The Bonds contain derivatives and are designated as fair value through profit or loss.

A reconciliation of the opening and closing fair value balance is set out in the table below.

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Fair value:		
At 1 January	-	-
Additions	25,125	-
Unrealised gain include in other operating expenses	684	-
	<hr/>	<hr/>
At 31 December 2014	25,809	-
	<hr/> <hr/>	<hr/> <hr/>

13 Cash and cash equivalents

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Cash and bank balances	86,659	114,941
Fixed deposits	91,579	62,189
Certificates of deposits	-	75,000
	<hr/>	<hr/>
	178,238	252,130
	<hr/> <hr/>	<hr/> <hr/>

As at the end of the reporting year, fixed deposits bear interest of 0.12% to 15.05% (2013: 0.09% to 1.50%) per annum and mature in various periods up to January 2015 (2013: mature in various periods up to January 2014).

As at 31 December 2013, fixed rate certificate of deposits bore interest of 0.45% to 0.62% per annum and were matured during the year.

The carrying amounts of these assets approximate their fair value.

14. Trade and other payables

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Trade payables (<i>Note</i>)	1,518	2,108
Unredeemed casino chips	17,365	15,950
Deferred revenue	456	484
Deposits	400	4,873
Construction creditors	3,270	7,385
Accruals and other creditors	11,595	8,923
	<hr/>	<hr/>
	34,604	39,723
	<hr/> <hr/>	<hr/> <hr/>

Note:

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

	2014 <i>US\$'000</i>	2013 <i>US\$'000</i>
Due within 1 month or on demand	1,500	2,018
Due after 1 month but within 3 months	-	-
Due after 3 months but within 6 months	-	72
Due after 6 months but within 1 year	-	18
Due after 1 year	18	-
	<hr/>	<hr/>
Total	1,518	2,108
	<hr/> <hr/>	<hr/> <hr/>

15. Capital and reserves

	Share capital	Treasury shares	Share premium	Merger reserve	Capital contribution reserve	Exchange reserve	Retained profits	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2013	26,026	-	135,498	(12,812)	55,568	63	197,556	401,899
Issue of shares under placement	2,500	-	153,629	-	-	-	-	156,129
Share placement expenses	-	-	(1,191)	-	-	-	-	(1,191)
Profit for the year	-	-	-	-	-	-	140,290	140,290
Dividend declared and paid	-	-	-	-	-	-	(97,168)	(97,168)
At 31 December 2013	<u>28,526</u>	<u>-</u>	<u>287,936</u>	<u>(12,812)</u>	<u>55,568</u>	<u>63</u>	<u>240,678</u>	<u>599,959</u>
At 1 January 2014	28,526	-	287,936	(12,812)	55,568	63	240,678	599,959
Purchase of own shares	-	(9,004)	-	-	-	-	-	(9,004)
Profit for the year	-	-	-	-	-	-	136,086	136,086
Dividend declared and paid (Note (a))	-	-	-	-	-	-	(101,541)	(101,541)
At 31 December 2014	<u>28,526</u>	<u>(9,004)</u>	<u>287,936</u>	<u>(12,812)</u>	<u>55,568</u>	<u>63</u>	<u>275,223</u>	<u>625,500</u>

Note:

- (a) The dividend declared and paid during the year ended 31 December 2014 comprises the 2013 final dividend of US\$54,207,000 which was paid in April 2014 and the 2014 interim dividend of US\$47,334,000 which was paid in September 2014.

Share Capital

- (i) Authorised:

	2014 US\$'000	2013 US\$'000
8,000,000,000 ordinary shares of US\$0.0125 each	<u>100,000</u>	<u>100,000</u>

- (ii) Issued and fully paid and held in treasury:

	2014		2013	
	Number of shares	US\$'000	Number of shares	US\$'000
Issued and fully paid:				
Ordinary shares of US\$0.0125 each:				
At 1 January	2,282,078,875	28,526	2,082,078,875	26,026
Issue of shares on placing (Note (b))	-	-	200,000,000	2,500
At 31 December	<u>2,282,078,875</u>	<u>28,526</u>	<u>2,282,078,875</u>	<u>28,526</u>
Treasury shares:				
At 1 January	-	-	-	-
Purchase of own shares (Note (a))	(11,490,000)	(9,004)	-	-
At 31 December	<u>(11,490,000)</u>	<u>(9,004)</u>	<u>-</u>	<u>-</u>
Number of shares in open market:				
At 1 January	2,282,078,875	-	2,282,078,875	-
Purchase of own shares (Note (a))	(11,490,000)	-	-	-
At 31 December	<u>2,270,588,875</u>	<u>-</u>	<u>2,282,078,875</u>	<u>-</u>

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.

Notes:

(a) During the year, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid US\$'000
December 2014	11,490,000	6.340	5.765	8,947

Transaction costs of US\$57,000 were incurred for the repurchase. All the repurchased shares were held in the Company's treasury as at 31 December 2014 and were in the process of cancellation.

(b) On 27 March 2013, the Company allotted and issued 200,000,000 new ordinary shares of US\$0.0125 each at a subscription price of HK\$6.05 per share pursuant to the Placing and Subscription Agreement dated 13 March 2013. The Company received a total cash consideration, before expenses, of US\$156,129,000 (or equivalent to HK\$1,210,000,000) from the share placement during last year.

16. Acquisition of subsidiaries

The Company entered into a conditional share purchase agreement on 13 June 2011, as supplemented by a supplemental agreement dated 28 December 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 and a retail walkway adjacent to NagaWorld in Phnom Penh, Cambodia.

17. Contingent Liabilities

Pursuant to the existing service agreement between the Company and the Chief Executive Officer of the Company ("CEO"), the CEO is entitled to an annual performance incentive based on the Group's consolidated profit before taxation. For the financial year ended 31 December 2013, the CEO was entitled to a performance incentive of US\$5.9 million. However, the CEO has agreed to accept only a partial performance incentive of US\$2.0 million, and this was paid in April 2014. Due to the revised terms, the remaining balance of US\$3.9 million is only payable in 2015 upon the Company satisfactorily achieving certain 2014 performance targets. During the current year, CEO waived the remaining balance of US\$3.9 million.

For the year ended 31 December 2014, the CEO was entitled to a performance incentive of US\$5.7 million. However the terms of the payment of this performance incentive have been revised such that it shall be payable at the discretion of the Board, subject to certain performance benchmarks set for the 6 months ending 30 June 2015.

There are no further contingent liabilities as at 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Cambodian economy continued to grow, with the World Bank estimating real gross domestic product (“GDP”) growth of 7.2% in 2014, and accelerating to 7.5% in 2015.

International tourist arrivals to Cambodia also continued their growth trajectory, recording about 4.0 million visitors in the first 11 months of 2014, an increase of 6% compared to the same period in 2013. Visitors from Vietnam (20%), China (13%) and Laos (10%) collectively accounting for 43% of total tourist arrivals to Cambodia. Visitors from China increased by 22% year-on-year to 507,860 visitors in the first 11 months of 2014 (Source: Ministry of Tourism, Cambodia). Continued visitor growth from these gaming-centric countries is one of the drivers of the Group’s business growth.

While Macau recorded a drop in Gross Gaming Revenue (“GGR”) of 2.6% in 2014 (Source: DICJ Macau), NagaWorld, which is situated in Phnom Penh, the capital city of Cambodia, continued to generate positive operational and financial results with GGR growth of 23% (excluding effects of 2013 Electronic Gaming Machines (“EGM”) entrance fee). The ability of the Group to outperform Macau in top-line growth is attributable to the relatively high proportion of revenue derived from the Mass Market, and the fact that most VIP revenue is derived from South East Asia. Notwithstanding that, the downturn in Macau offers the Group further opportunities to further penetrate the Chinese gaming market in both the VIP and Mass Gaming segments, by being able to offer attractive commercial terms to junket operators and agents as a result of NagaWorld’s low cost structure.

The Group’s net profit in 2014 (excluding effects of 2013 EGM entrance fee) increased by 9% to US\$136.1 million. The relatively lower net profit growth compared to GGR growth is a result of higher incentives given to junket operators to promote NagaWorld to the rest of Asia (including China) as well as higher staff costs to improve service quality and staff retention. The Group is of the opinion that these promotional and operational strategies will bear fruit in the coming years as NagaWorld grows its market share in Asia.

RESULTS

Table 1: Performance Highlights

For the year ended 31 December 2014 and comparative prior year:

	2014 US\$'000	2013 US\$'000	Increase / (Decrease) %
Mass Market: Public Floor Gaming Tables			
- Buy-ins	465,482	400,318	16.3%
- Win rate	23.3%	22.4%	
- Revenue	108,637	89,803	21.0%
Mass Market: Electronic Gaming Machines			
- Bills-in	1,185,648	1,097,997	8.0%
- Win rate	10.1%	11.0%	
- Win per unit per day (WUD) (US\$)	214	217	(1.4%)
- Revenue	84,563	101,936	(17.0%)
- No. of machines at end of year	1,537	1,543	(0.4%)
VIP Market			
- Rollings	6,185,338	4,573,644	35.2%
- Win rate	3.0%	2.9%	
- Revenue	188,184	133,178	41.3%
Gross Gaming Revenue <i>excluding</i> 2013 EGM Entrance Fee (see note (1) below)	381,384	309,917	23.1%
Gross Gaming Revenue <i>including</i> 2013 EGM Entrance Fee (see note (1) below)	381,384	324,917	17.4%
Non-Gaming			
- Revenue	22,914	20,029	14.4%

Note 1: During the previous year ended 31 December 2013, the Group received a non-refundable entrance fee of US\$15.0 million from an electronic gaming machine operator for the placement of up to 200 gaming machines in NagaWorld. As there were no fees of a similar nature in the current year ended 31 December 2014, comparable GGR for 2013 is shown excluding the effects of this fee.

Mass Market (Public Floor Tables and Electronic Gaming)

The Group achieved a growth of 16% in Public Floor Tables buy-ins and 8% in Electronic Gaming bills-in respectively. Gross profit margin increased marginally to 96% (2013: 95%).

The growth of Public Floor Tables is attributable to the steady growth in visitation to the property as well as the improvement in table game productivity. The Group's strategy of segmenting the public floor players with its concept of casino cells continued to work well; increasing business volume in the premium mass gaming areas, namely NagaRock and Saigon Palace.

In the Electronic Gaming segment, after allowing for the non-refundable entrance fee in 2013, revenue decreased marginally as a result of lower win-rate despite an increase in volume (bills-in). The 8% increase in bills-in exceeded tourism growth of approximately 6%. The decrease in the win rate can be attributed to a combination of the increasing popularity of the electronic table game products with a lower hold percentage, as well as the disruption during refurbishment.

The Group's loyalty program, the Golden Edge Rewards Club, has been tracking well with increasing membership. As at 31 December 2014, the club had approximately 19,000 active members. This has allowed the Group to continue its efforts to understand its members' profiles, create targeted marketing promotions and rollout player development initiatives to drive visitation and increase spend per player on the mass gaming market.

To increase visitation to NagaWorld, the Group purchased two Airbus A320, which have been leased to an independently operated airline, Bassaka Air. Once the appropriate approvals and certification have been obtained Bassaka will, through collaboration with key Chinese travel agents, increase flights to Phnom Penh targeting the Mass Market players with packaged accommodation at NagaWorld. The Group also intends to use these aircraft, in addition to the private jets, to fly VIP players from various parts of Asia targeting destinations which do not have direct flights to Phnom Penh.

VIP Market

The Group's VIP Gaming comprises players brought in by junkets, who are either under a commission or incentive program, and premium direct players without an intermediary. The overseas junket incentive program introduced in March 2013 has enabled the Group to increase the existing table limits, whilst managing volatility and credit risk.

The incentive program has continued to develop with sequential increases in rollings for the year ended 31 December 2014. Total VIP rollings increased by 35% to US\$6.2 billion and the overall win rate was 3.0% (2013: 2.9%). As a result, total VIP Gaming revenue increased by 41% to US\$188.2 million.

To enhance and increase its VIP gaming space, the Group opened a new VIP gaming area on level 3 of the hotel block adding approximately 47 VIP gaming tables in July 2014. This new VIP gaming area will enable the continued expansion of the gaming operations of the new junket operators signed in 2014, and in the coming months.

Non-Gaming – Hotel, Food & Beverage and Entertainment

Non-Gaming revenue increased by 14.4% to US\$22.9 million, primarily due to an increase in the number of room nights sold at NagaWorld.

The Group continued its efforts to provide internationally recognized products and services to both gaming and non-gaming patrons whilst continuing to grow market share through its unique position in the region. The expected completion of the NagaCity Walk in the third quarter of 2015 and its subsequent opening in the first quarter of 2016 will enhance the retail experience available to the patrons and further strengthen NagaWorld's overall appeal to both the VIP Market and Mass Market. NagaWorld has entered into an agreement with the China Duty Free Group, the largest duty-free operator in China, to lease not less than 2,400 square metres in the NagaCity Walk, to operate duty-free shopping in the premises.

Revenue and Gross Profit Analysis (including effects of 2013 EGM Entrance Fee)

Table 2(a)

2014	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	% contribution	US\$'m	% contribution	%
Mass Market	193.2	48%	184.9	68%	96%
VIP Market	188.2	47%	68.9	25%	37%
Non-gaming	22.9	5%	18.9	7%	83%
Total	404.3	100%	272.7	100%	67%

Table 2(b)

2013	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	% contribution	US\$'m	% contribution	%
Mass Market	191.7	55%	181.9	73%	95%
VIP Market	133.2	39%	53.9	22%	40%
Non-gaming	20.0	6%	12.8	5%	64%
Total	344.9	100%	248.6	100%	72%

The Group recorded a gross profit increase of 10% to US\$272.7 million for the year ended 31 December 2014. Excluding the effects of the 2013 EGM entrance fee, the increase was 17%. The gross profit increase in the VIP Market from US\$53.9 million to US\$68.9 million was driven by higher win rates and rollings, partially offset by higher direct costs paid to junket operators as reflected in the drop in the gross profit margin from 40% to 37%. The Mass Market continued to generate a high margin of 96% (2013: 95%).

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation increased by 26% to US\$98.8 million for the year ended 31 December 2014. Increased expenses were required to support the higher business volume across all segments. Further, to ensure NagaWorld remains internationally competitive and prepare for the next growth phase, a comprehensive review of salaries and wages was undertaken and pay rises granted. Significant increases were awarded especially to front-line staff to improve service standards and retention. Additionally, the Group has hired a number of experienced and qualified staff to facilitate the regional marketing efforts and ongoing property enhancements at NagaWorld.

Finance Costs

The Group did not incur any finance costs as there were no financing arrangements as at 31 December 2014. The Group has continued to remain ungeared.

Net Profit

Net profit attributable to the shareholders of the Group, or net profit, decreased by 3.0% to US\$136.1 million for the year ended 31 December 2014. Excluding the effects of the 2013 EGM entrance fee, the Group recorded an increase in net profit of 9%. Net profit margin for the year decreased from 40.7% to 33.7% due to the increased contribution from the lower margin VIP Gaming as well as increased operating expenses.

Earnings per share were US cents 5.96 (HK cents 46.19 per share) and US cents 6.28 (HK cents 48.67 per share) for the year ended 31 December 2014 and 2013 respectively.

FINANCIAL REVIEW

Pledge of Assets

As at 31 December 2014, the Group had not pledged any assets for bank borrowings (31 December 2013: Nil).

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 and Russian Ruble. The Group therefore does not have any significant exposure to foreign currency risk and therefore has not entered into any currency hedging transactions.

Purchase, Redemption or Sale of Listed Securities

During the year ended 31 December 2014, the Company repurchased 11,490,000 of its ordinary shares of US\$0.0125 each on the Stock Exchange for an aggregate consideration of HK\$69,371,020 (equivalent to approximately US\$8,947,000) excluding transaction costs. The repurchase of the Company's shares during the year ended 31 December 2014 was effected by the Board, pursuant to the repurchase mandate (the "Repurchase Mandate") granted by the shareholders, with a view to benefiting shareholders as a whole. Further details of the proposed use of the Repurchase Mandate were set out in the announcement of the Company dated 11 December 2014. These repurchased shares, which are held by the Company in treasury as at the date of this announcement, will be cancelled in due course.

Particulars of the repurchases during the year ended 31 December 2014 are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate consideration (excluding transaction costs) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
December	11,490,000	6.340	5.765	69,371,020

Subsequent to the year-end, the Company further repurchased a total of 600,000 ordinary shares of the Company on the Stock Exchange on 2 January 2015 for an aggregate consideration of HK\$3,798,840 (equivalent to approximately US\$490,593) excluding transaction costs. All these repurchased ordinary shares, together with the abovementioned 11,490,000 ordinary shares repurchased but not cancelled during the year, are held by the Company in treasury as at the date of this announcement and will be cancelled in due course.

Save as disclosed above, the Company did not redeem any of its shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such shares during the year ended 31 December 2014.

Issue of New Shares

There were no shares issued by the Company during the year ended 31 December 2014.

Funds Raised by the Issue of New Shares in March 2013 and Use of Proceeds

Reference is made to (i) the announcement of the Company dated 14 March 2013 in relation to the placing of existing shares and top-up subscription of new shares under the general mandate (the “Top-up Placing and Subscription”), (ii) the announcement of the Company dated 27 March 2013 concerning the completion of the Top-up Placing and Subscription and (iii) the interim results announcement of the Company dated 6 August 2014 (collectively, the “Announcements”).

During the year ended 31 December 2013, approximately 74% of the net proceeds from the Top-up Placing and Subscription (the “Net Proceeds”) had been utilised or deployed for such projects as the upgrading of the transportation services, the development of VIP suites at NagaWorld and as working capital for the general development of the high roller business of the Company. As at 31 December 2014, approximately 83% of the Net Proceeds had been utilised or deployed in accordance with the intended use as disclosed in the Announcements. As at 31 December 2014, the remaining 17% of the Net Proceeds amounting to approximately HK\$192 million remains unspent and continues to be utilised or deployed in line with the Announcements.

Liquidity, Financial Resources and Gearing

As at 31 December 2014, the Group had total cash and cash equivalents, fixed deposits and bonds of US\$204.0 million (31 December 2013: US\$252.1 million).

As at 31 December 2014, the Group had net current assets of US\$199.3 million (31 December 2013: US\$230.8 million). The Group had net assets of US\$625.5 million as at 31 December 2014 (31 December 2013: US\$600.0 million).

As at 31 December 2014 and 31 December 2013, the Group had no outstanding borrowings.

Capital and Reserves

As at 31 December 2014, the capital and reserves attributable to owners of the Company was US\$625.5 million (31 December 2013: US\$600.0 million).

Employees

As at 31 December 2014, the Group employed a total work force of 5,417 (as at 31 December 2013: 4,894), stationed in Cambodia, Hong Kong, Macau, Malaysia, Thailand, United Kingdom, United States and Vietnam. The remuneration and staff costs for the year were US\$48.7 million (year ended 31 December 2013: US\$34.7 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. The increase in net trade receivables from US\$9.5 million to US\$12.5 million during the year was due to new credit facilities extended to overseas junket operators under the new incentive program.

For the year under review, the Group has made the provision of impairment loss of US\$1.5 million (31 December 2013: Nil) and bad debts written off amounted to US\$1.7 million (31 December 2013: US\$5.7 million). These debts had been fully provided for in previous years.

The Group has adhered to strict credit policies implemented since 2009. From time to time, the Group will review its policies to ensure they are competitive and are in line with the Group's risk management strategy.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries

There were no other significant investments held, material acquisitions, or disposals of subsidiaries during the year ended 31 December 2014.

Events After Reporting Period

On 2 January 2015, the Company repurchased 600,000 of its ordinary shares at prices ranging from HK\$6.29 to HK\$6.35 per share on the Stock Exchange. All these repurchased ordinary shares are held by the Company in treasury as at the date of this announcement and will be cancelled in due course.

Save as aforesaid or as otherwise disclosed herein, there were no major subsequent events occurred since the end of the reporting period and up to the date of this announcement.

PROJECT UPDATES AND PROSPECTS

Update on Naga2

As disclosed in the interim results announcement of the Company dated 6 August 2014, NagaCity Walk was scheduled for physical completion by the end of 2014, with operations commencing mid 2015. Based on the current state of the project, NagaCity Walk with its retail mall is scheduled for physical completion by the third quarter of 2015 and expected to commence operations in the first quarter of 2016. The TSCLK Complex remains on schedule for completion by late 2016, with operations commencing in 2017.

It is anticipated that the completion of Naga2, together with the present NagaWorld facility, will further enhance the position of the complex as the leading integrated gaming and entertainment destination in Indochina.

Update on the Investment Project in Vladivostok

As disclosed in the interim results announcement of the Company dated 6 August 2014, the Group established certain indirect subsidiaries in Russia for the purposes of undertaking its gaming and resort development project in Vladivostok, Russia (the "PERC Project").

It is expected that the PERC Project will commence operation not later than 2018.

The Group believes that its strategy of diversifying its business geographically and expanding into a new casino market will drive revenue growth in the long term.

Prospects

The downturn in gaming in Macau offers opportunities for the Group to further penetrate the Chinese gaming market in both the VIP and Mass Gaming segments, by offering better commercial terms to junket operators and agents as a result of NagaWorld's low cost structure. The Group plans to sign up more Macau based junket operators in the coming months as they seek to diversify their operations to other parts of Asia. The 35% increase in VIP rollings in 2014 demonstrates NagaWorld's incentive program's success in promoting NagaWorld to a wider range of operators and players, particularly from China. Moving forward, the Group intends to improve its margins as it captures a larger share of the Asian VIP gaming market.

With regard to the Mass Market, the Group is also focused on developing the China market by improving accessibility to Phnom Penh, using its recently acquired Airbus A320s and collaborating with key outbound Chinese travel agents. The appeal of Cambodia as a travel destination for the Chinese tourists is evident from the continued strong growth of Chinese visitation, which recorded a 22% increase for the 11 months ended 30 November 2014.

The expected opening of the NagaCity Walk with its retail mall in early 2016 is intended to enhance NagaWorld's appeal to both the Mass and VIP Markets.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The directors, having reviewed the corporate governance practices of the Company, and considered, amongst 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 Corporate Governance Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2014, except for the following deviation:

Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. Due to the Company's another business engagement, the Chairman of the Board and of the AML Oversight Committee, Mr. Timothy Patrick McNally was unable to attend the annual general meeting of the Company held on 9 April 2014 (the "2014 AGM"). Mr. Philip Lee Wai Tuck, the Chief Financial Officer and the executive director of the Company, took the chair of the 2014 AGM and the chairman of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, and one member of the AML Oversight Committee were present to be available to answer any question to ensure effective communication with the shareholders of the Company.

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 the directors. Having made specific enquiry, the Company confirms that the directors have complied with the required standard set out in the Model Code for the year ended 31 December 2014.

AUDIT COMMITTEE

The annual results for the year ended 31 December 2014 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 disclosure has been made.

INTERIM AND FINAL DIVIDEND

The Board recommends the payment of Final Dividend of US cents 2.11 per share (or equivalent to HK cents 16.35 per share) for the year ended 31 December 2014 to shareholders whose names appear on the Company's register of members on Tuesday, 21 April 2015. Subject to the approval of the shareholders of the Company at the annual general meeting to be held on Wednesday, 15 April 2015 ("2015 AGM") the Final Dividend is expected to be paid to shareholders by post on or about Monday, 4 May 2015. The proposed Final Dividend together with an interim dividend of US cents 2.07 per share (or equivalent to HK cents 16.04 per share) paid on Wednesday, 17 September 2014, the total dividend declared for the financial year ended 31 December 2014 would thus be US cents 4.18 per share (or equivalent to HK cents 32.40 per share).

CLOSURE OF REGISTER OF MEMBERS

1. 2015 AGM

The register of members will be closed from Monday, 13 April 2015 to Wednesday, 15 April 2015, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2015 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, 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 Friday, 10 April 2015.

2. Proposed Final Dividend

The register of members will be closed on Tuesday, 21 April 2015. The ex-dividend date will be Friday, 17 April 2015. 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 in Hong Kong, Computershare Hong Kong Investor Services Limited at the abovementioned address not later than 4:30 p.m. on Monday, 20 April 2015.

PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Group for the year ended 31 December 2014 containing, among others, the annual financial information of the Group will be dispatched to our shareholders and available at the Company's website www.nagacorp.com and the website of The Stock Exchange of Hong Kong Limited.

On behalf of the Board of
NagaCorp Ltd.
Timothy Patrick McNally
Chairman

Hong Kong, 4 February 2015

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

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

For the purpose of this announcement, amounts denominated in US\$ have been converted to HK\$ at an exchange rate of US\$1.00 to HK\$7.75.