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NAGACORP LTD.

金界控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3918

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

Unaudited condensed consolidated interim results for the six months ended 30 June 2012

- Public Floor Gaming Tables Buy-ins increased by approximately 37% and Win-rate maintained at approximately 24%.
- Electronic Gaming Machines Bills-ins increased by approximately 23% and Win-rate maintained at approximately 12%.
- Junket Rollings increased by approximately 30% and Win-rate increased from approximately 2.3% to 2.5%.
- Revenue increased by approximately 18% to approximately US\$132.2 million.
- Gross profit increased by approximately 17% to approximately US\$93.7 million.
- Net profit increased by approximately 14% to approximately US\$52.4 million.
- Earnings per share of US cents 2.52 per share.
- An interim dividend of US cents 1.51 per share (or equivalent to HK cents 11.78 per share) has been declared, representing a dividend payout ratio of approximately 60% based on the net profit generated for the period. The interim dividend shall be paid on 28 September 2012.

The board of directors (the “Board”) of NagaCorp Ltd. (the “Company” and together with its subsidiaries the “Group”) is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2012. The Board has resolved to declare an interim dividend of US cents 1.51 per share (or equivalent to HK cents 11.78 per share) for the six months ended 30 June 2012, representing a dividend payout ratio of approximately 60% based on the net profit generated for the period. The interim dividend shall be paid on 28 September 2012.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME

		Six months ended 30 June	
	<i>Note</i>	2012	2011
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	2	132,241	111,786
Cost of sales		<u>(38,489)</u>	<u>(31,838)</u>
Gross profit		93,752	79,948
Other income		771	831
Administrative expenses		(17,242)	(14,424)
Other operating expenses		<u>(22,646)</u>	<u>(18,450)</u>
Profit before taxation	3	54,635	47,905
Income tax	4	<u>(2,238)</u>	<u>(1,989)</u>
Profit attributable to owners of the Company		<u>52,397</u>	<u>45,916</u>
Earnings per share (US cents)	6	<u>2.52</u>	<u>2.21</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2012	2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period	52,397	45,916
Other comprehensive income for the period:		
Exchange adjustments	_____ -	_____ (2)
Total comprehensive income attributable to owners of the Company for the period	<u>52,397</u>	<u>45,914</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	30 June 2012 <i>US\$'000</i> <i>(Unaudited)</i>	31 December 2011 <i>US\$'000</i> <i>(Audited)</i>
Non-current assets			
Property, plant and equipment	8	221,952	187,084
Interest in leasehold land held for own use under operating lease		628	632
Intangible assets	9	82,163	83,936
Prepayments for purchase of construction materials	11	<u>11,974</u>	<u>4,408</u>
		<u>316,717</u>	<u>276,060</u>
Current assets			
Consumables		1,176	1,242
Trade and other receivables	10	22,647	24,391
Prepayments for purchase of construction materials	11	915	5,150
Fixed deposits at bank		25,000	35,500
Cash and cash equivalents		<u>60,078</u>	<u>29,264</u>
		<u>109,816</u>	<u>95,547</u>
Current liabilities			
Trade and other payables	12	21,285	18,794
Dividend payable		32,280	-
Current tax liability		373	332
Obligations under finance leases		<u>-</u>	<u>3</u>
		<u>53,938</u>	<u>19,129</u>
Net current assets		<u>55,878</u>	<u>76,418</u>
NET ASSETS		<u>372,595</u>	<u>352,478</u>
CAPITAL AND RESERVES			
Share capital	13	26,026	26,026
Reserves		<u>346,569</u>	<u>326,452</u>
TOTAL EQUITY		<u>372,595</u>	<u>352,478</u>

Notes:

1. Basis of preparation and principal accounting policies

The condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated interim financial information contains selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2011. The condensed consolidated interim financial information does not include all of the information required for a full set of annual financial statements prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (the “IASB”), and should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2011 (“2011 annual financial statements”).

The condensed consolidated interim financial information has been prepared in accordance with the same accounting policies and methods of computation adopted by the Group in its 2011 annual financial statements, except for the adoption of certain new or revised standards and interpretations issued by the IASB which are effective for the current accounting period as follows:

Amendments to IFRS 7
Amendments to IAS 12

Disclosures – Transfers of Financial Assets
Deferred Tax – Recovery of Underlying Assets

The adoption of the above new/revised IFRSs had no material effect of the reported results or financial position of the Group for both the current and prior reporting periods.

The IASB has also issued the following amendments, new or revised standards and interpretations, potentially relevant to the Group's operations, which are not yet effective for the accounting period beginning on or before 1 January 2012 and which have not been early adopted in these condensed consolidated financial statements.

		Effective for accounting period beginning on or after
IFRSs (Amendments)	Annual Improvements 2009 to 2011 Cycle	1 January 2013
Amendments to IFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income	1 July 2012
IFRS 9	Financial Instruments	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 19 (2011)	Employee Benefits	1 January 2013
IAS 27 (2011)	Separate Financial Statements	1 January 2013
IAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013

The directors of the Company (the “Directors”) are in the process of making an assessment of the expected impact of these amendments, new or revised standard and interpretations in the period of initial application. So far it was considered that their adoption is unlikely to have a significant impact on the Group's results of operations and financial position.

2. Revenue

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

	Six months ended 30 June	
	2012	2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Casino operations – gaming tables	88,518	63,542
Casino operations - electronic gaming machine stations	35,423	38,802
Hotel room income, sales of food and beverages and others	8,300	9,442
	<u>132,241</u>	<u>111,786</u>

3. Profit before taxation

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

	Six months ended 30 June	
	2012	2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest income	(429)	(731)
Auditor's remuneration		
- Current period	125	104
- Under-provision for the prior period	59	53
Amortisation of casino licence premium	1,773	1,773
Depreciation and amortisation	8,251	5,761
Impairment loss on trade receivables	89	-
Reversal of impairment loss on trade receivables previously recognised	(259)	-
Exchange loss, net	199	36
Fuel expenses	4,483	3,848
Operating lease charges for:		
- office and car park rental	280	233
- land lease rental	93	93
- hire of equipment	956	932
Staff costs (<i>Note (a)</i>)		
- Salaries, wages and other benefits	14,302	12,498
- Contributions to defined contribution retirement scheme	4	4
	<u>14,306</u>	<u>12,502</u>

Note:

(a) The staff costs include the following:

	Six months ended 30 June	
	2012	2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Directors' remuneration		
- Basic salaries and allowances	1,027	562
Senior management's remuneration		
- Basic salaries, allowances and benefits-in-kind	<u>1,722</u>	<u>1,381</u>

4. Income tax

Income tax in the profit or loss represents:

	Six months ended 30 June	
	2012	2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax expense		
- Current period	<u>2,238</u>	<u>1,989</u>

Taxation represents the monthly gaming obligation payment of (1) US\$256,577 (six months ended 30 June 2011: US\$228,068) and monthly non-gaming obligation payment of US\$116,438 (six months ended 30 June 2011: US\$103,500) payable to The Ministry of Economy and Finance of Cambodia by NagaWorld Limited Gaming Branch, a branch 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 period

	Six months ended 30 June	
	2012	2011
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared after the end of reporting period		
2012: US cents 1.51 per ordinary share	31,438	-
2011: US cents 1.54 per ordinary share	-	32,141
	<u>31,438</u>	<u>32,141</u>

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\$52,397,000 (six months ended 30 June 2011: US\$45,916,000) and the weighted average number of 2,082,078,875 (six months ended 30 June 2011: 2,082,078,875) ordinary shares in issue during the six months ended 30 June 2012.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

7. Segment information

The Group manages its businesses 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.

Segment results, assets and liabilities

The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on 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 the 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 <i>US\$'000</i>	Hotel and entertainment operations <i>US\$'000</i>	Total <i>US\$'000</i>
<i>Segment revenue:</i>			
Six months ended 30 June 2012 (unaudited):			
Revenue from external customers	124,022	8,219	132,241
Inter-segment revenue	<u>-</u>	<u>16,686</u>	<u>16,686</u>
Reportable segment revenue	<u>124,022</u>	<u>24,905</u>	<u>148,927</u>
Six months ended 30 June 2011 (unaudited):			
Revenue from external customers	102,344	9,442	111,786
Inter-segment revenue	<u>-</u>	<u>11,808</u>	<u>11,808</u>
Reportable segment revenue	<u>102,344</u>	<u>21,250</u>	<u>123,594</u>
<i>Segment profit:</i>			
30 June 2012 (Unaudited)	56,708	10,674	67,382
30 June 2011 (Unaudited)	<u>49,838</u>	<u>7,026</u>	<u>56,864</u>
<i>Segment assets:</i>			
30 June 2012 (Unaudited)	427,983	218,408	646,391
31 December 2011 (Audited)	<u>372,702</u>	<u>192,766</u>	<u>565,468</u>

Reconciliation of reportable segment revenue and profit or loss to revenue and profit or loss per the condensed consolidated financial information is as follows:

	Six months ended 30 June	
	2012	2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue		
Reportable segment revenue	148,927	123,594
Elimination of inter-segment revenue	<u>(16,686)</u>	<u>(11,808)</u>
Consolidated revenue	<u><u>132,241</u></u>	<u><u>111,786</u></u>
Profit		
Reportable segment profit	67,382	56,864
Depreciation and amortisation	(10,024)	(7,534)
Unallocated head office and corporate expenses	<u>(2,723)</u>	<u>(1,425)</u>
Consolidated profit before taxation	<u><u>54,635</u></u>	<u><u>47,905</u></u>

8. Property, plant and equipment

During the six months ended 30 June 2012, the Group acquired property, plant and equipment totalling US\$43,116,000 which included US\$27,775,000 in respect of capital work-in-progress in relation to construction in NagaWorld. The additions of US\$28,083,000 have been included in the assets of the segment of hotel and entertainment operations as disclosed in note 7, while the remaining additions of US\$14,836,000 have been included in those of the segment of casino operations.

9. Intangible assets

The intangible assets include the casino licence premium and the extended exclusivity premium of the casino licence for the exclusivity period extended to the end of 2035 in consideration of US\$108 million, less accumulated amortisation of US\$25.8 million (31 December 2011: US\$24.1 million).

10. Trade and other receivables

	30 June 2012	31 December 2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade receivables	19,192	24,734
Less: Allowance for impairment loss	<u>(8,937)</u>	<u>(11,469)</u>
	10,255	13,265
Deposits, prepayments and other receivables	8,551	8,969
Amounts due from related companies	<u>3,841</u>	<u>2,157</u>
	<u><u>22,647</u></u>	<u><u>24,391</u></u>

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

	30 June 2012	31 December 2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current to within 1 month	962	167
1 to 3 months	1,888	841
3 to 6 months	-	1,150
6 to 12 months	-	567
More than 1 year	<u>7,405</u>	<u>10,540</u>
	<u><u>10,255</u></u>	<u><u>13,265</u></u>

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

	30 June 2012	31 December 2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
At beginning of period/year	11,469	11,190
Impairment loss recognised	89	279
Bad debts written off	(2,362)	-
Reversal of impairment loss previously recognised	<u>(259)</u>	<u>-</u>
At end of period/year	<u><u>8,937</u></u>	<u><u>11,469</u></u>

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 period. As at 30 June 2012, the Group has a certain concentration of credit risk at 38% (31 December 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 reporting period, prepayments for the purchase of construction raw materials relate to prepayments made for purchases of raw materials necessary for the construction in NagaWorld. The materials have not been received by the Group as at the period end. It is anticipated that the materials will be used within the next twelve months.

12. Trade and other payables

	30 June 2012	31 December 2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade payables	572	794
Unredeemed casino chips	8,366	7,335
Deferred revenue	176	-
Deposits	101	96
Construction creditors	5,353	5,533
Accruals and other creditors	6,717	5,036
	<u>21,285</u>	<u>18,794</u>

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

	30 June 2012	31 December 2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Due within 1 month or on demand	317	718
Due after 1 month but within 3 months	117	14
Due after 3 months but within 6 months	136	6
Due after 6 months but within 1 year	2	56
	<u>572</u>	<u>794</u>

13. Share capital

(i) Authorised

	30 June 2012	31 December 2011
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
8,000,000,000 ordinary shares of US\$0.0125 each	<u>100,000</u>	<u>100,000</u>

(ii) Issued and fully paid

	30 June 2012		31 December 2011	
	<i>No of shares</i>	<i>US\$'000</i>	<i>No of shares</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>		<i>(Audited)</i>	
At beginning and end of period/year	<u>2,082,078,875</u>	<u>26,026</u>	<u>2,082,078,875</u>	<u>26,026</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 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, controlling shareholder of the Company, to acquire the entire equity interests in TanSriChen Inc. ("TSC Inc.") 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 issued 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 AND 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 the capital city of Phnom Penh. NagaWorld features a world-class 720-room hotel, 13 food and beverage outlets, a nightclub, karaoke lounge, and spa. NagaWorld is also widely recognised as a popular meetings, incentives, conventions and exhibitions ('MICE') facilities destination in Indochina. This includes 25,000 square meters of meeting and ballroom space, (6,500 square-meter ballroom), a 60-seat auditorium, and state-of-the-art exhibition space. With a built-up area of approximately 110,768 square meters, NagaWorld's scope positions it as a leading entertainment destination in Indochina.

The Group holds a casino licence (the "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 41 years of exclusivity 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 (the "IPO") and became a public company listed on the Main Board of The Stock Exchange of Hong Kong on 19 October 2006.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of US cents 1.51 per share (or equivalent to HK cents 11.78 per share) for the six months ended 30 June 2012 to shareholders of the Company. This represents a dividend payout ratio of approximately 60% based on the net profit for the period. The interim dividend shall be paid on 28 September 2012.

RESULTS

Performance Highlights

For the period ended 30 June 2012 and comparative periods:

	1H 2012 <i>US\$'000</i>	1H 2011 <i>US\$'000</i>
Public Floor Gaming Tables		
- Buy-ins	159,979	116,916
- Win Rate	23.9%	23.9%
- Revenue	38,287	27,857
Electronic Gaming Machines		
- Bills-in	465,416	379,569
- Win Rate	11.7%	11.8%
- Win per unit per day (WUD) (US\$)	238	236
- Revenue excluding 2011 Upfront Fee	35,423	30,802
- 2011 Upfront Fee	-	8,000
- Revenue including 2011 Upfront Fee	35,423	38,802
- No. of machines at end of period	1,351	1,035
Junket Floor Gaming Tables		
- Rollings	2,041,455	1,569,544
- Win Rate	2.5%	2.3%
- Revenue	50,231	35,685
- Number of visitors (persons)	10,963	7,009
Hotel and Entertainment Operations		
- Revenue	8,300	9,442
- Average room occupancy rate	84.4%	75.2%

In 1H2011, the Group's financial performance had included revenue from an Upfront Fee of US\$8 million collected from a new electronic gaming machines joint venture (the "2011 Upfront Fee"). There was no similar fee recognised in the current period of six months ended 30 June 2012. For the purpose of comparison and analysis, the table below illustrates the effect on the condensed consolidated statement of income had the 2011 Upfront Fee been excluded. Analysis and commentary has been prepared on the basis of this table.

	1H 2012 <i>US\$'mil</i>	1H 2011 (Including 2011 Upfront Fee) <i>US\$'mil</i>	1H 2011 (Excluding 2011 Upfront Fee) <i>US\$'mil</i>	1H 2012 vs 1H 2011 (Including 2011 Upfront Fee) <i>Increase (%)</i>	1H 2012 vs 1H 2011 (Excluding 2011 Upfront Fee) <i>Increase (%)</i>
Revenue	132.2	111.8	103.8	18%	27%
Gross Profit	93.7	79.9	71.9	17%	30%
Gross Profit Margin	71%	72%	69%		
Earnings before interest, tax, depreciation and amortization (EBITDA)	64.7	55.4	47.4	17%	37%
EBITDA Margin	49%	50%	46%		
Profit before taxation (PBT)	54.6	47.9	39.9	14%	37%
Net Profit	52.4	45.9	37.9	14%	38%
Net Profit Margin	40%	41%	37%		

BUSINESS OVERVIEW

During the first half of this year, global stock markets peaked in March and fell sharply in May amidst growing concerns on the European sovereign debt crisis. Despite the volatile economic conditions in various countries, the Company has recorded healthy growth in all its business segments.

Worldwide international tourist arrivals continued to grow by 5% to 285 million in the first four months of 2012 compared to 2011. By the end of this year, international tourist arrivals are projected to reach the historic 1 billion mark (Source: World Tourism Organisation). Tourist arrivals in Cambodia continued to significantly outpace worldwide tourism growth by recording an increase of 26.8% to 1.76 million visitors in the first six months of 2012 as compared to the same period in 2011. During the first six months of 2012, Vietnam tourist arrivals rose to 378,133 visitors, an increase of 30.5% year-on-year. Laos and Thailand tourist arrivals improved tremendously with a year-on-year increase of 87.0% and 90.8% respectively; registering a total number of 103,233 visitors and 91,855 visitors respectively. Currently, tourist arrivals to Cambodia from the Indochina region accounted for 32.8% of total tourist arrivals during the first six months. Vietnam accounted for 21.5% of total tourist arrivals, representing the largest proportion of tourist to Cambodia. (Source: Ministry of Tourism, Cambodia).

We launched our first loyalty programme called the Golden Edge Rewards Club in January 2012. To date, we have successfully captured more than 14,300 members. The loyalty programme will enable us to better understand the members profile and create targeted gaming and promotional marketing efforts. We also conduct daily, monthly and quarterly lucky draws to encourage visitation and gaming from our members.

The strong visitation from the Indochina region, especially Vietnam has encouraged us to stay focused to attract visitations from this market. In May 2012, the Group opened its first office in the business district of Ho Chi Minh City to facilitate the Company's sales and marketing efforts in Vietnam. In conjunction with the Vietnam office opening, we also launched the Luxury Bus service from Ho Chi Minh City to Phnom Penh, as a part of the joint efforts with the Ministry of Tourism Cambodia to promote tourism to the Kingdom of Cambodia.

Public Floor Gaming Tables

During the period, revenue from the public floor gaming tables increased by 37.3% to US\$38.3 million. This is a result of higher buy-ins, whilst maintaining a healthy win rate of 23.9%. The buy-ins on the public floor increased by 36.8% to US\$160.0 million during the period.

The Company's strategy of emphasising the mass gaming market has resulted in the impressive growth in buy-ins on the public floors, which is supported by the strong growth in tourist arrivals. The successful launch of the loyalty program in January 2012 and the opening of the NagaRock lifestyle premium mass casino in February 2012 have also contributed to the growth in business volume. Our strategy to segmentise the mass market player based on their profiles and playing habits have driven incremental business volume within the different public floor gaming area. For example, NagaRock has managed to attract the higher-end public floor players who look for a more relaxed and entertaining gaming environment with higher table limits. This has freed up the space of other public floor gaming areas for the lower to mid-end mass market players.

Since the launch of the Luxury Bus programme from Ho Chi Minh City to Phnom Penh, we have seen increase in Vietnamese visitation. The tour packages have been well received in Ho Chi Minh City.

Electronic Gaming Machines (EGMs)

The proven success of the Rapid1 gaming area launched in 2H2011 has led to the launch of Rapid2 gaming area in June this year, with 92 machines. The rapid gaming area is one of the strategies to further segmentise the mass market by moving the lower end players from the main public floor gaming tables to the rapid gaming machines with lower limits, driving incremental business volume growth in the overall mass market.

The increased demand for EGMs have translated into an increase in bills-in of 22.6% to US\$465.4 million during the period. Excluding the 2011 Upfront Fee of US\$8 million, revenue during the period increased by 15.0% to US\$35.4 million. Win Rate on the EGMs have also been maintained at a healthy 11.7%.

Junket Floor Gaming Tables

The junket business continues to be an important market for the Company. Despite the Company's conservative credit policy implemented since 2009, the junket business has been experiencing a stable and manageable increase in number of players and business volume. The conservative credit policy is aimed at earning stable growth in revenue, whilst minimising gaming volatility. Rollings have increased by 30.1% to approximately US\$2.0 billion during the period, translating into a 40.8% increase in revenue to US\$50.2 million. Win Rate increased from 2.3% to 2.5%.

The Company will continue to maintain a conservative gaming policy with selective granting of credit to reputable junket operators with proven track record to further drive the business volume. Meanwhile, we will continue to grow our own direct VIP players organically to build a strong player database.

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

The non-gaming revenue represents revenue derived from the provision of hotel, food & beverage and entertainment services to both gaming and non-gaming patrons. Included in the non-gaming revenue of 1H2011 is an amount of US\$3.3 million representing inter-segment sales which was inadvertently included in the Group's condensed consolidated financial statements. If adjusted, the 1H2011 non-gaming revenue would be US\$6.1 million. Based on this, non-gaming revenue increased by 36.1% on the back of increased average occupancy rates from 75.2% to 84.4%.

The Company's strategic marketing efforts in key target markets aims to provide internationally recognised services to both gaming and non-gaming patrons and continues to carve NagaWorld a unique niche in an increasingly competitive landscape.

Gross Profit

During the period, the Group continued to maintain its high gross profit margin of over 70% due to higher contribution from the public floor, gaming machines and hotel and entertainment segments which accounted of 62.0% of total revenue in 1H2012. These business segments do not incur rolling commissions, compared to the junket business where commissions are paid based on rollings by junket players.

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation increased by 17.5% to US\$29.8 million during the period from US\$25.3 million in same period of 2011. The increased expenses were required to support the higher business volume (36.8% increase in buy-ins for public floor gaming table business, 22.6% increase in bill-ins for electronic gaming machines business and 30.1% increase in junket rollings) and the opening of new gaming areas and non-gaming outlets during the period. Staff related costs also increased due to the hiring of experienced and qualified staff to facilitate the new regional marketing efforts and property enhancements of NagaWorld.

Finance Costs

The Group did not incur any finance costs as there were no financing arrangements as at 30 June 2012. The Group has continued to remain ungeared.

Net Profit

Excluding the 2011 Upfront Fee of US\$8 million, net profit margin for the period was higher at 40% compared to 37% in 1H2011. Net profit also increased by 38% to US\$52.4 million during the period, from US\$37.9 million in the same period of 2011.

The higher business volume registered across all business segments and continuous improvement in operational efficiency has contributed to the increase in net profit. We continue 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.

FINANCIAL REVIEW

Pledge of Assets

As at 30 June 2012, the Group had not pledged any assets for bank borrowings (31 December 2011: Nil).

Contingent Liabilities

As at 30 June 2012, the Group had no contingent liabilities (31 December 2011: Nil).

Very Substantial Acquisition

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.

The agreed consideration for the transaction is US\$369,000,000, divided into US\$275,000,000 for TSC Inc. and US\$94,000,000 for City Walk Inc. The consideration will be settled, at the option of Dr Chen, in the form of consideration shares (being new ordinary shares of the Company), to be allotted and issued at a price of HK\$1.8376 per consideration share; or in the form of convertible bonds issued by the Company and convertible at the option of the bondholder into conversion shares (being new ordinary shares in the Company), also to be allotted and issued at a conversion price of HK\$1.8376 per conversion share; or through a combination of consideration shares and convertible bonds, to an aggregate value of US\$369,000,000. The total number of new ordinary shares of the Company that stand to be allotted and issued as consideration shares or on exercise of the convertible bonds is 1,566,282,107 shares.

In advance of shareholder consideration on this agreement, a shareholder circular was issued by the Company on 30 December 2011 detailing all aspects of the agreement. An Extraordinary General Meeting (EGM) was held on 30 January 2012 at which a resolution was passed by the independent shareholders to approve the acquisition agreement and ancillary matters.

Please refer to the Company's announcements dated 13 June 2011, 22 June 2011, 19 August 2011, 4 October 2011, 26 October 2011, 17 November 2011, 28 December 2011 and 30 January 2012, and circular dated 30 December 2011 for details on the transaction.

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 period.

Liquidity, Financial Resources and Gearing

As at 30 June 2012, the Group had total cash and cash equivalents and fixed deposits at bank of approximately US\$85.1 million (31 December 2011: approximately US\$64.8 million).

As at 30 June 2012, the Group had net current assets of approximately US\$55.9 million (31 December 2011: US\$76.4 million). The Group had net assets of approximately US\$372.6 million as at 30 June 2012 (31 December 2011: US\$352.5 million).

As at 30 June 2012 and 31 December 2011, the Group had no outstanding borrowings.

Capital and Reserves

As at 30 June 2012, the capital and reserves attributable to owners of the Company was approximately US\$372.6 million (31 December 2011: US\$352.5 million).

Staff

As at 30 June 2012, the Group employed a total work force of 4,134 (as at 30 June 2011: 3,359), stationed in Cambodia, Malaysia, Hong Kong and United States. The remuneration and staff costs for the period were approximately US\$14.3 million (for the six months ended 30 June 2011: approximately US\$12.5 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 Company continues to monitor the changes in trade receivables and focused on their recovery, resulting in a 23% decrease in trade receivables from US\$13.3 million to US\$10.3 million during the period. This is a manageable level of receivables and is trending downwards.

For the period under review, the Group has made provision of 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 Company has adhered to its strict credit guidelines implemented since 2009. From time to time, we review and monitor our junket operators to ensure they comply with the credit guidelines. We strive 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.

DEVELOPMENT OF NAGAWORLD

The Company continually upgrades and improves NagaWorld by creating new gaming areas and upgrading existing facilities to cater to the changing needs of both gaming and non-gaming customers. In February 2012, we launched NagaRock, a lifestyle gaming, entertainment and dining venue targeted towards higher-end mass market customers seeking a high-energy entertainment venue, with higher table limits. With the successful launch of the Rapid1 gaming area, the Company launched, in June 2012, the Rapid2 gaming area with 92 machines. These rapid gaming areas are popular due to their low-scale options of table gaming.

During the first quarter of 2012, NagaWorld's third wing named the Pool Block added 110 hotel rooms to the 500 hotel rooms last year. Another 110 hotel rooms are scheduled to complete by September 2012. This new wing will feature a rooftop swimming pool, health club, and additional car park facilities. These new hotel rooms are especially catered for the Luxury Bus programme from Ho Chi Minh City to Phnom Penh. In addition, there are 7 luxury suites undergoing construction. These luxury suites will feature attached individual private gaming space for the enjoyment of high-end junket players who seek ultimate comfort, convenience and privacy. The luxury suites are scheduled to be completed by October 2012.

A new Vietnamese themed gaming area called Saigon Palace is slated to open by October 2012. NagaWorld will also add 3 new luxury retail outlets by third quarter of 2012. These outlets will feature international well-known luxury brands that are making their first entry into Cambodia.

The shareholders approval in January 2012 to acquire TSC Inc. and City Walk Inc. in a very substantial acquisition agreement with Tan Sri Dr Chen Lip Keong, marked a significant chapter in the history of NagaCorp. This new project, named Naga2, will feature over 1,000 hotel rooms, 50 VIP luxury suites, up to 18,738 square metres of retail space, a 3,000 seating capacity MICE/theatre facilities and additional gaming space. Upon completion of Naga2 within the next 3 to 5 years, NagaWorld will transform into an integrated resort, and its position as the gaming and entertainment hub of Indochina will be enhanced.

PROSPECTS

In 2011, Cambodia registered a 14.2% growth in foreign direct investments (FDIs) amounting to US\$632 million from US\$553 million in 2010. These FDIs were mainly injected into the agriculture, tourism and construction sectors (Source: Ministry of Economy and Finance Cambodia). In April 2012, it was reported that Chinese President Hu Jintao wished to see the bilateral trade between China and Cambodia double to US\$5 billion by 2017, with the cooperation agreements signed to widen two national roads, build a bridge in Kandal province and improve irrigation infrastructure (Source: Phnom Penh Post). Additionally, in May 2012, it was reported that the United Kingdom Trade and Investment Office is planning to establish a permanent branch in Phnom Penh to facilitate the investment from United Kingdom (Source: Phnom Penh Post). These are positive signs in Cambodia's economic development. Meanwhile, for 2012, the Ministry of Economy and Finance Cambodia has projected a GDP growth 6.9% and inflation rate to remain stable at 5%.

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 161 out of 173 communes in the province. This demonstrates the strong support for the ruling party by the people of Cambodia.

On the mass market business, NagaWorld will continue to benefit from the strong growth in tourist arrivals to Cambodia. Tourist arrivals into Cambodia are estimated to increase from 3.2 million to 7 million by 2020, representing a growth of approximately 119% (Source: Ministry of Tourism Cambodia). Our office in Vietnam and soon to be opened office in Thailand will enable us to increase our branding and awareness efforts to drive visitation growth to NagaWorld. We will continue to work closely with the Ministry of Tourism Cambodia to jointly promote Cambodia as a key destination in Indochina.

On the junket business, we believe the conservative credit policy combined with relatively low table limits and higher rolling commissions provided to the junket operators will continue to strengthen and drive the junket business. The Company will continue to grow the low to mid-end junkets business, conservatively penetrate the higher end junket markets and build a strong direct VIP player database.

In the longer term, the completion of Naga2 will transform NagaWorld into an integrated gaming and entertainment destination in Indochina, offering international standards of products and services to its customers from surrounding and growing economies. This will benefit Cambodia as the host nation, and in turn, delivering value to the Company's shareholders.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES AND CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The revised Appendix 14, 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 30 June 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 standard set out in the Model Code for the six months ended 30 June 2012.

AUDIT COMMITTEE

The interim results for the six months ended 30 June 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 disclosure has been made.

INTERIM DIVIDEND

The Board has resolved to declare payment of an interim dividend of US cents 1.51 per share (or equivalent to HK cents 11.78 per share) for the six months ended 30 June 2012 (the “Interim Dividend”) payable to the shareholders of the Company whose name appear on the register of members of the Company at the close of business on 28 August 2012. This represents a dividend pay-out ratio of approximately 60%, based on the net profit generated for the period. The interim dividend shall be paid on 28 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The Company’s register of members will be closed from Friday, 24 August 2012 to Tuesday, 28 August 2012 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the Interim Dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 23 August 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

PUBLICATION OF FINANCIAL INFORMATION

The interim report of the Group for the six months ended 30 June 2012 containing, among others, the interim financial information of the Group will be despatched to our shareholders and available at the Company's website www.nagacorp.com and the website of the Stock Exchange.

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, 8 August 2012

* *For identification purpose only*

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\$1.0 to HK\$7.8.