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 2013

Unaudited condensed consolidated interim results for the six months ended 30 June 2013

- Public Floor Gaming Tables Buy-ins increased by approximately 20%.
- Electronic Gaming Machines Bills-in increased by approximately 20%.
- VIP Rollings approximately flat.
- Revenue increased by approximately 15% to US$151.6 million.
- Gross profit increased by approximately 19% to US$111.5 million.
- Net profit increased by approximately 20% to US$62.9 million.
- Earnings per share of US cents 2.87 per share.
- An interim dividend of US cents 1.93 per share (or equivalent to HK cents 14.96 per share) has been declared, representing a dividend payout ratio of approximately 70% based on the net profit generated for the period. The interim dividend shall be paid on Friday, 27 September 2013.

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 2013. The Board has resolved to declare an interim dividend of US cents 1.93 per share (or equivalent to HK cents 14.96 per share) for the six months ended 30 June 2013, representing a dividend payout ratio of approximately 70% based on the net profit generated for the period. The interim dividend shall be paid on Friday, 27 September 2013.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Note	**Six months ended 30 June** **2013** *US$'000* *(Unaudited)*	**2012** *US$'000* *(Unaudited)*
Revenue	2	151,644	132,241
Cost of sales		(40,099)	(38,489)
Gross profit		111,545	93,752
Other income		398	771
Administrative expenses		(20,394)	(17,242)
Other operating expenses		(26,141)	(22,646)
Profit before taxation	3	65,408	54,635
Income tax	4	(2,556)	(2,238)
Profit attributable to owners of the Company		62,852	52,397
Earnings per share (US cents)	6	2.87	2.52

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013	**2012**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period	62,852	52,397
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange adjustments	(1)	-
Total comprehensive income attributable to owners of the Company for the period	62,851	52,397

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2013** *US$'000* *(Unaudited)*	**31 December 2012** *US$'000* *(Audited)*
Non-current assets			
Property, plant and equipment	8	257,365	237,576
Interest in leasehold land held for own use under operating lease		621	624
Intangible assets	9	78,616	80,389
Prepayments for purchase of construction materials	11	17,688	14,436
		354,290	333,025
Current assets			
Consumables		1,297	1,142
Trade and other receivables	10	18,809	20,890
Fixed deposits at bank	12	157,350	15,000
Cash and cash equivalents		66,295	58,225
		243,751	95,257
Current liabilities			
Trade and other payables	13	31,114	26,010
Current tax liability		426	373
		31,540	26,383
Net current assets		212,211	68,874
NET ASSETS		566,501	401,899
CAPITAL AND RESERVES			
Share capital	14	28,526	26,026
Reserves		537,975	375,873
TOTAL EQUITY		566,501	401,899

Notes:

1. Basis of preparation and principal accounting policies

The condensed consolidated interim financial information for the six months ended 30 June 2013 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 2012. 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 2012 ("2012 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 2012 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:

IFRSs (Amendments)	Annual Improvements 2009 to 2011 Cycle
Amendments to IFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investment in Associates and Joint Ventures

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 2013 and which have not been early adopted in these condensed consolidated financial statements.

		Effective for accounting period beginning on or after
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to IAS 36	Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
IFRIC Interpretation 21	Levies	1 January 2014
IFRS 9	Financial Instruments	1 January 2015

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. Presently, the Directors are of the opinion that these amendments are 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	
	2013	**2012**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Casino operations – gaming tables	97,688	88,518
Casino operations – electronic gaming machine stations	44,030	35,423
Hotel room income, sales of food and beverage and others	9,926	8,300
	151,644	132,241

3. Profit before taxation

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

	Six months ended 30 June	
	2013	**2012**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Interest income	(203)	(429)
Auditor's remuneration		
- Current period	127	125
- Under-provision for the prior period	146	59
Amortisation of casino licence premium	1,773	1,773
Depreciation and amortisation	10,431	8,251
Impairment loss on trade receivables	-	89
Reversal of impairment loss on trade receivables previously recognised	-	(259)
Exchange loss, net	445	199
Fuel expenses	4,391	4,483
Operating lease charges for:		
- office and car park rental	567	280
- land lease rental	93	93
- hire of equipment	1,737	956
Staff costs *(Note (a))*		
- Salaries, wages and other benefits	15,509	14,302
- Contributions to defined contribution retirement scheme	7	4

Note:

(a) The staff costs include the following:

	Six months ended 30 June	
	2013	**2012**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Directors' remuneration		
- Basic salaries and allowances	856	1,027
Senior management's remuneration		
- Basic salaries, allowances and benefits-in-kind	1,400	1,722

4. Income tax

Income tax in the profit or loss represents:

	Six months ended 30 June	
	2013	**2012**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Current tax expense		
- Current period	2,556	2,238

Taxation represents the monthly gaming obligation payment of (1) US$288,650 (six months ended 30 June 2012: US$256,577) and monthly non-gaming obligation payment of (2) US$137,396 (six months ended 30 June 2012: US$116,438) 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	
	2013	**2012**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Interim dividend declared after the end of reporting period		
2013: US cents 1.93 per ordinary share	43,996	-
2012: US cents 1.51 per ordinary share	-	31,438
	43,996	31,438

The final dividend of US$53,172,000 for the year ended 31 December 2012 was declared in February 2013 and paid in June 2013.

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$62,852,000 (six months ended 30 June 2012: US$52,397,000) and the weighted average number of 2,188,156,223 (six months ended 30 June 2012: 2,082,078,875) ordinary shares in issue during the six months ended 30 June 2013.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

7. Segment information

The Group manages its businesses by segments, which comprise a mixture of business activities (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.

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 *US$'000*	**Hotel and entertainment operations** *US$'000*	**Total** *US$'000*
Segment revenue:			
Six months ended 30 June 2013 (Unaudited):			
Revenue from external customers	141,804	9,840	151,644
Inter-segment revenue	-	15,737	15,737
Reportable segment revenue	141,804	25,577	167,381
Six months ended 30 June 2012 (Unaudited):			
Revenue from external customers	124,022	8,219	132,241
Inter-segment revenue	-	16,686	16,686
Reportable segment revenue	124,022	24,905	148,927
Segment profit:			
30 June 2013 (Unaudited)	70,885	9,864	80,749
30 June 2012 (Unaudited)	56,708	10,674	67,382
Segment assets:			
30 June 2013 (Unaudited)	475,432	258,299	733,731
31 December 2012 (Audited)	419,529	235,839	655,368

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	
	2013	**2012**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Reportable segment revenue	167,381	148,927
Elimination of inter-segment revenue	(15,737)	(16,686)
Consolidated revenue	151,644	132,241
Profit		
Reportable segment profit	80,749	67,382
Other revenue	46	-
Depreciation and amortisation	(12,204)	(10,024)
Unallocated head office and corporate expenses	(3,183)	(2,723)
Consolidated profit before taxation	65,408	54,635

8. Property, plant and equipment

During the six months ended 30 June 2013, the Group acquired property, plant and equipment totalling US$30,215,000 which included US$28,386,000 in respect of capital work-in-progress in relation to construction in NagaWorld. The additions of US$28,560,000 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$1,403,000 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$29.4 million (31 December 2012: US$27.6 million).

10. Trade and other receivables

	30 June 2013 *US$'000* *(Unaudited)*	31 December 2012 *US$'000* *(Audited)*
Trade receivables	16,536	15,459
Less: Allowance for impairment loss	(8,537)	(8,537)
	7,999	6,922
Deposits, prepayments and other receivables	10,810	13,968
	18,809	20,890

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

	30 June 2013 *US$'000* *(Unaudited)*	31 December 2012 *US$'000* *(Audited)*
Current to within 1 month	772	1,331
1 to 3 months	2,793	794
3 to 6 months	428	-
6 to 12 months	562	-
More than 1 year	3,444	4,797
	7,999	6,922

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

	30 June 2013 *US$'000* *(Unaudited)*	31 December 2012 *US$'000* *(Audited)*
At beginning of period/year	8,537	11,469
Impairment loss recognised	-	89
Bad debts written off	-	(2,362)
Reversal of impairment loss previously recognised	-	(659)
At end of period/year	8,537	8,537

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 2013, the Group has a certain concentration of credit risk at 37% (31 December 2012: 29%) of the total trade and other receivables that were due from the five largest operators.

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

11. Prepayments for purchase of construction materials

As at the end of the reporting period, prepayments for 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 in the construction of NagaWorld within the next twelve months.

12. Fixed deposits at bank

The deposits bear interest of 0.09% to 1.5% (31 December 2012: 1.75% to 1.9%) per annum and mature in various period up to September 2013 (31 December 2012: mature in various periods up to January 2013).

13. Trade and other payables

	30 June 2013 *US$'000* *(Unaudited)*	**31 December 2012** *US$'000* *(Audited)*
Trade payables	1,102	1,170
Unredeemed casino chips	9,058	10,030
Deferred revenue	357	357
Deposits	4,577	100
Construction creditors	7,670	6,849
Accruals and other creditors	8,350	7,504
	31,114	26,010

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

	30 June 2013 *US$'000* *(Unaudited)*	**31 December 2012** *US$'000* *(Audited)*
Due within 1 month or on demand	1,102	1,012
Due after 1 month but within 3 months	-	20
Due after 3 months but within 6 months	-	60
Due after 6 months but within 1 year	-	78
	1,102	1,170

14. Share capital

(i) Authorised

	30 June 2013	31 December 2012
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
8,000,000,000 ordinary shares of US$0.0125 each	100,000	100,000

(ii) Issued and fully paid

	30 June 2013		31 December 2012	
	No. of shares	*US$'000*	*No. of shares*	*US$'000*
	(Unaudited)		*(Audited)*	
At beginning of period/year	2,082,078,875	26,026	2,082,078,875	26,026
Issue of shares on share placing (Note (a))	200,000,000	2,500	-	-
At end of period/year	2,282,078,875	28,526	2,082,078,875	26,026

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

Note:

(a) 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.

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 700-room hotel, 15 food & beverage outlets and entertainment outlets like 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 metres of meeting and ballroom space, a stand-alone 6,500 square-metre ballroom, a 60-seat auditorium, and an exhibition space. There are also 3 luxury boutiques in NagaWorld, namely Cartier, Piaget and Rolex; additionally, Mont Blanc and Jaeger LeCoultre will be opening their boutiques in 2H2013. These luxury brands are all opening up for business for the first time ever in the history of Cambodia.

As at 30 June 2013, NagaWorld had available in operation approximately 178 gaming tables and 1,450 electronic gaming machines. With a built-up area of approximately 113,307 square metres, NagaWorld's size and facilities positions it as the leading integrated gaming and entertainment destination in Indochina.

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

RESULTS

Table 1: Performance Highlights

For the period ended 30 June 2013 and comparative periods:

	1H 2013 *US$'000*	**1H 2012** *US$'000*	**Increase / (Decrease)** *%*
Mass Market: Public Floor Gaming Tables			
- Buy-ins	192,228	159,979	20.2%
- Win rate	23.1%	23.9%	
- Revenue	44,346	38,287	15.8%
Mass Market: Electronic Gaming Machines			
- Bills-in	557,867	465,416	19.9%
- Win rate	10.9%	11.7%	
- Win per unit per day (WUD) (US$)	224	238	(5.9%)
- Revenue	44,030	35,423	24.3%
- No. of machines at end of period	1,450	1,351	7.3%
VIP Market			
- Rollings	2,013,915	2,041,455	(1.3%)
- Win rate	2.6%	2.5%	
- Revenue	53,342	50,231	6.2%
- No. of visitors (persons)	11,543	10,963	5.3%
Non-Gaming			
- Room revenue	3,860	2,664	44.9%
- Food & Beverage revenue	5,390	4,961	8.6%
- Other non-gaming revenue	676	675	-
- Total revenue	9,926	8,300	19.6%

BUSINESS OVERVIEW

Located within the gaming-centric region of Indochina (Cambodia, Laos, Myanmar, Thailand and Vietnam), with an estimated combined population of more than 240 million people (Source: International Monetary Fund), the Group's property, NagaWorld, continues to deliver encouraging financial and operational results. During the first six months of 2013, the Group's revenue increased from US$132.2 million to US$151.6 million year-on-year and net profit increased by 20.0% to US$62.9 million. The increase was mainly from gaming revenue, through higher business volumes from the Mass Market and higher margins from the VIP Market (VIP players brought in by commission-based junkets, and junkets under the new incentive programme, as well as direct players visiting the casino).

International tourist arrivals to Cambodia continued to significantly outpace worldwide tourism growth of 4% in 2012 and projected between 3% and 4% in 2013 by the United Nations World Tourism Organization, by recording an increase of 19% to approximately 1.8 million visitors in the first five months of 2013, compared to the same period in 2012. Vietnam (19%), Korea (12%) and China (11%) continued to make up the top three countries from which visitors hail. They collectively account for 42% of total tourist arrivals to Cambodia in the first five months of 2013, growing at 19% year-on-year (Source: Ministry of Tourism, Cambodia, ("MOTC")). Of particular interest, visitors from China increased by 53% year-on-year, to 202,427 visitors in the first five months of 2013. The continued growth in visitation from these gaming-centric countries is one of the prime drivers for the Group's business growth.

Domestically, Cambodia's economic growth remains strong with support from increasing investments in both the public and private sectors. In 2012, Cambodia's gross domestic product (GDP) expanded 7.3%, according to the Cambodian Ministry of Economy and Finance ("CMOEF"). The Asian Development Bank in April 2013 projected that Cambodia's economy would grow at 7.2% in 2013 and 7.5% in 2014, along with recovery in Europe and the United States. On 24 July 2013, the CMOEF announced that based on preliminary data from January through June 2013, Cambodia's growth was 7.6% (Source: Phnom Penh Post).

The Group is of the view that the favourable macro environment in Cambodia and the Indochina region as a whole, which continues to drive foreign direct investments ("FDI") and tourism in the following years, shall spur the Group's business growth.

Mass Market (Public Floor Gaming Tables and Electronic Gaming Machines)

The Group's strategy to ever improve on the performance of the Mass Market has led to incremental business volumes. During the period, the Group recorded a 20.2% increase in Public Floor Gaming Tables buy-ins and a 19.9% increase for Electronic Gaming Machines ("EGM") bills-in, in line with the increasing tourist arrivals to Cambodia and increasing prosperity of the country. Tourism arrivals into Cambodia increased 19% for the first five months of 2013. Of particular interest is the increase in visitation from China of 53%.

NagaRock and Saigon Palace, two successful examples of the Mass Market, continued to attract higher-end public floor players who look for some distance from the crowd, with higher table limits.

In the EGM segment, the number of EGM in operation at the end of the period increased from 1,351 to 1,450. This is primarily due to additional EGM in Saigon Palace, which opened in December 2012. EGM revenue increased by 24.3% to US$44.0 million during the period as a result of higher bills-in.

Included in EGM are Electronic Table Games ("ETG"), which help to redirect players with smaller bet sizes from the Public Floor Gaming Tables to the EGM. This helps to drive incremental business volume in the overall Mass Market as it frees up space for more mid-end Mass Market players and at the same time, players with smaller bet sizes can enjoy their games in the ETG areas at their own pace and discretion.

The Group's loyalty programme, the Golden Edge Rewards Club, has been tracking well with increasing registration. Since its launch in January 2012, the programme has successfully captured more than 28,000 members. This has allowed the Group to better understand its members' profiles and create targeted marketing efforts, as well as conducting player development initiatives to increase visitation frequency, contributing to growth in the Mass Market.

VIP Market

Rollings in the VIP Market was relatively flat while win rate improved from 2.5% to 2.6%, resulting in a 6.2% increase in VIP Market revenue to US$53.3 million. The increase in win-rates was primarily a result of the Group's new incentive programme as explained below.

The Group's VIP Market comprises the players brought in by junkets, who are either under a commission-based model or incentive programme and direct players without an intermediary.

In March 2013, in addition to the business segment which is commission-based, the Group introduced a new incentive programme for its junket operators. Under the incentive programme, the Group is able to increase the existing table limits, whilst managing volatility, as well as credit risks. This enables the Group to gain a wider segment of the VIP business.

Since implementing the incentive programme, the Group observed greater increase in better quality VIP players. The financial effects of the incentive programme are illustrated in Table 2 below.

Table 2: Financial Effects For Overseas Junket Operators (under the incentive programme and commission-based model)

	1H2013 US$'m	FY2012 US$'m	FY2011 US$'m
Rollings	1,014	1,935	1,171
Win rate	2.2%	1.8%	1.9%
Revenue	22	35	22
Direct costs*	20	40	25
Gross profit / (loss)	2	(5)	(3)
Gross profit / (loss) margin	9.1%	(14.3%)	(13.6%)

*Direct costs comprise rolling commissions, operator's incentives and complimentaries

The Group has seen a turnaround of the overseas junket segment through higher win rate and higher gross profit margin in 1H2013 (compared to a gross loss in 2011 and 2012), as illustrated in Table 2 above. The Group expects the improvement of this business trend to carry forward to the second half of the year.

In order to place the Group's VIP market within competitive position within the region, the Company has successfully raised approximately US$156 million through a top-up placement (please refer to the section on "Issue of New Shares" for more details). The placement proceeds will be utilised for according better quality VIP services and experiences to our customers, upgrading facilities in NagaWorld and improving the position of our working capital.

Non-Gaming – Hotel, Food & Beverage and Entertainment

Non-Gaming revenue increased by 19.6% to US$9.9 million during the period; in particular, room revenue increased 45.0% mainly due to an increase in average room rates during the period. Food & Beverage revenue also increased 9.0%, in tandem with the increase in the overall visitations to NagaWorld.

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. In May 2013, Rolex opened a boutique in NagaWorld, adding to the collection of luxury brands such as Cartier and Piaget within the property. This is the first time that these luxury brands have entered Cambodia and the Group believes their presence will enhance the high-end retail experience of its patrons. This will further strengthen NagaWorld's overall appeal to both the VIP and Mass Markets.

Revenue and Gross Profit Analysis

Table 3(a)

1H2013	**Revenue**		**Gross Profit**		**Gross Profit Margin**
	US$'m	**%**	**US$'m**	**%**	**%**
Mass Market	88.4	58%	83.2	75%	94%
VIP Market	53.3	35%	21.9	19%	41%
Non-gaming	9.9	7%	6.4	6%	65%
Total	**151.6**	**100%**	**111.5**	**100%**	**74%**

Table 3(b)

1H2012	**Revenue**		**Gross Profit**		**Gross Profit Margin**
	US$'m	**%**	**US$'m**	**%**	**%**
Mass Market	73.7	56%	69.7	74%	95%
VIP Market	50.2	38%	19.1	20%	38%
Non-gaming	8.3	6%	5.0	6%	60%
Total	**132.2**	**100%**	**93.8**	**100%**	**71%**

The Group recorded a gross profit increase of 19% to US$111.5 million for the period. The Mass Market continues to generate a high margin of 94% and contributes a significant 75% to the Group's total gross profit. In addition, the gross profit margin of the VIP Market increased from 38% to 41%, due to the turnaround of the overseas junkets business. This has resulted in the overall improvement in gross profit margin from 71% to 74%.

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation increased by 15.0% to US$34.3 million during the period from US$29.8 million in same period of 2012. The increased expenses were required to support the higher business volume across most segments. Staff related costs also increased due to the hiring of experienced and qualified staff to facilitate the regional marketing efforts and ongoing property enhancements of NagaWorld.

Finance Costs

The Group did not incur any finance costs as there were no financing arrangements as at 30 June 2013. The Group has continued to remain ungeared.

Net Profit

Net profit attributable to shareholders of the Group, or net profit, increased by 20.0% to US$62.9 million for the period ended 30 June 2013. Net profit margin for the period also improved from 39.6% to 41.4%.

The higher business volume registered especially in the Mass Market and improved margins in the VIP Market coupled with continuous improvement in operational efficiency and measures implemented in cost controls, contributed to the increase in net profit. The Group shall continue to drive revenues and attain net profits to the benefit of all shareholders.

Earnings per share were US cents 2.87 (HK cents 22.24 per share) and US cents 2.52 (HK cents 19.53 per share) for the 6 months ended 30 June 2013 and 2012 respectively.

FINANCIAL REVIEW

Pledge of Assets

As at 30 June 2013, the Group had not pledged any assets for bank borrowings (31 December 2012: Nil).

Contingent Liabilities

As at 30 June 2013, the Group had no contingent liabilities (31 December 2012: 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. 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

Pursuant to the Placing and Subscription Agreement dated 13 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 to Fourth Star Finance Corp., a substantial shareholder of the Company, on 27 March 2013 following completion of the top-up placing of an aggregate of 200,000,000 existing shares to not less than six independent investors at a placing price of HK$6.05 each. The net proceeds from this placing of shares amounting to approximately HK$1.2 billion (or equivalent to approximately US$156 million) were intended to be used for future growth and market penetration of the Company's overseas high-premium direct-players programme and the junket incentive programme.

The 200,000,000 subscription shares were allotted and issued under the general mandate granted to the Directors by its shareholders at the annual general meeting of the Company held on 24 May 2012.

Liquidity, Financial Resources and Gearing

As at 30 June 2013, the Group had total cash and cash equivalents and fixed deposits at bank of US$223.6 million (31 December 2012: US$73.2 million).

As at 30 June 2013, the Group had net current assets of US$212.2 million (31 December 2012: US$68.9 million). The Group had net assets of US$566.5 million as at 30 June 2013 (31 December 2012: US$401.9 million).

As at 30 June 2013 and 31 December 2012, the Group had no outstanding borrowings.

Capital and Reserves

As at 30 June 2013, the capital and reserves attributable to owners of the Company was US$566.5 million (31 December 2012: US$401.9 million).

Staff

As at 30 June 2013, the Group employed a total work force of 4,763 (as at 30 June 2012: 4,134), stationed in Cambodia, Hong Kong, Malaysia, Thailand, United Kingdom, United States and Vietnam. The remuneration and staff costs for the period were US$15.5 million (for the six months ended 30 June 2012: US$14.3 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. The increase in net trade receivables from US$6.9 million to US$8.0 million during the period was due to a new credit facility given to an overseas junket operator under the new incentive programme.

For the period under review, the Group has not made any provision of impairment loss (31 December 2012: US$0.1 million) and no bad debts were written off (31 December 2012: US$2.4 million).

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.

PROSPECTS

In the last decade, Cambodia's international profile has risen and FDI into the country has increased, with the United Nations reporting that FDI inflows to Cambodia was approximately US$1.6 billion in 2012, up 73% from 2011. Driven by continued intraregional restructuring, lower-income countries such as Cambodia, Myanmar and Vietnam are bright spots for labour-intensive FDI. However, the increase in FDI in Cambodia is due not only to labour-intensive industries, but also in the banking and finance sector. Globally, Cambodia attracted the second largest number of retail banking projects, amounting to US$2.3 billion, or 28% of the aggregate value of retail banking investment plans in the last decade (Source: United Nations World Investment Report 2013)

On 27 June 2013, Cambodia became the fourth Asian country to host the United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Committee, with approximately 1,300 experts and delegates from over 120 countries joining the meeting. During the event, the Cambodian Minister of Tourism revised upwards the country's forecast for international tourist arrivals from 7 million to 7.5 million by 2020. For 2013, MOTC has also increased its estimates of visitors from 3.8 million to 4.2 million, representing a 20% growth from 2012. Visitation from China to Cambodia continued to be strong with an increase of 53% to 202,427 visitors in the first five months of 2013. The Group is poised to take advantage of this for both its Mass and VIP Markets.

The increase in FDI and tourist visitations point to the rising profile of Cambodia as a business and leisure destination, boding well for the Group's operations. The Group believes that the momentum of growth in its business will carry over to the second half of 2013. Following the success of NagaRock and Saigon Palace, the Group continues its strategy to segmentise the Mass Market by opening the Aristocrat Private Club in July 2013, a premium Mass Market private club with 30 EGM and 5 gaming tables offering even higher table limits.

At the same time, the Group will continue to develop its VIP Market. Since the implementation of the new incentive programme for overseas junkets in March 2013, the Group has slowly experienced a change in players' profiles and betting patterns, which is expected to translate to higher business volume and incremental revenue contributions. In particular, the Group believes that the impact of its overseas junkets incentive programme will be seen towards the end of 2013. The Group will continue its efforts to sign on more junkets around the region under the incentive programme.

The opening of 5 luxury private gaming suites in January 2013, and another 2 slated for opening later in 2013 will further enhance the VIP experience. These luxury VIP suites provide individual private gaming space for higher-end VIP players who seek ultimate comfort, convenience and privacy. In addition, the Group is planning to launch a new luxurious VIP gaming area, integrated with entertainment and restaurants on the rooftop of the existing Pool Block by 2014.

The continued regional growth in the gaming markets of Singapore and Macau signifies the growing demand in the Asian gaming market, especially from China, whose economy is showing resilience despite a dire international context. Taking a broader perspective, China has now overtaken the Euro area and is on course to become the world's largest economy around 2016, after allowing for price differences (Source: Organization for Economic Cooperation and Development, March 2013).

Naga2, with a total built-up area of 116,358 square metres, will feature over 1,000 hotel rooms, 50 luxury VIP suites, up to 18,738 square metres of retail space, a 4,000 seating capacity MICE/ theatre facilities and additional gaming space (up to 300 gaming tables and 500 EGM). The piling works for Naga2 are now well in progress and the project is slated for completion by end 2015 or early 2016. This will position the Group as the leading integrated gaming and entertainment destination in Indochina.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 Corporate Governance Code contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2013.

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 2013.

AUDIT COMMITTEE

The interim results for the six months ended 30 June 2013 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 1.93 per share (or equivalent to HK cents 14.96 per share) for the six months ended 30 June 2013 payable to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 27 August 2013. This represents a dividend payout ratio of approximately 70%, based on the net profit generated for the period. The interim dividend shall be paid on Friday, 27 September 2013.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of entitlement to the interim dividend for the six months ended 30 June 2013, the Company's register of members will be closed from Monday, 26 August 2013 to Tuesday, 27 August 2013 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend for the six months ended 30 June 2013, all completed transfers forms accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, 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 Friday, 23 August 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2013, 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 2013 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 of Hong Kong Limited.

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

Hong Kong, 7 August 2013

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

* *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$7.75.