NAGACORP
金界控股有限公司

SEEING VALUE

ANNUAL REPORT 2011

NAGACORP LTD. // 金界控股有限公司*

(Incorporated in Cayman Islands with limited liability)

STOCK CODE: 3918

*for identification purpose only

Believe in recognising opportunities

Constantly look for untapped potential

Work towards overcoming challenges

Take pride in delivering value

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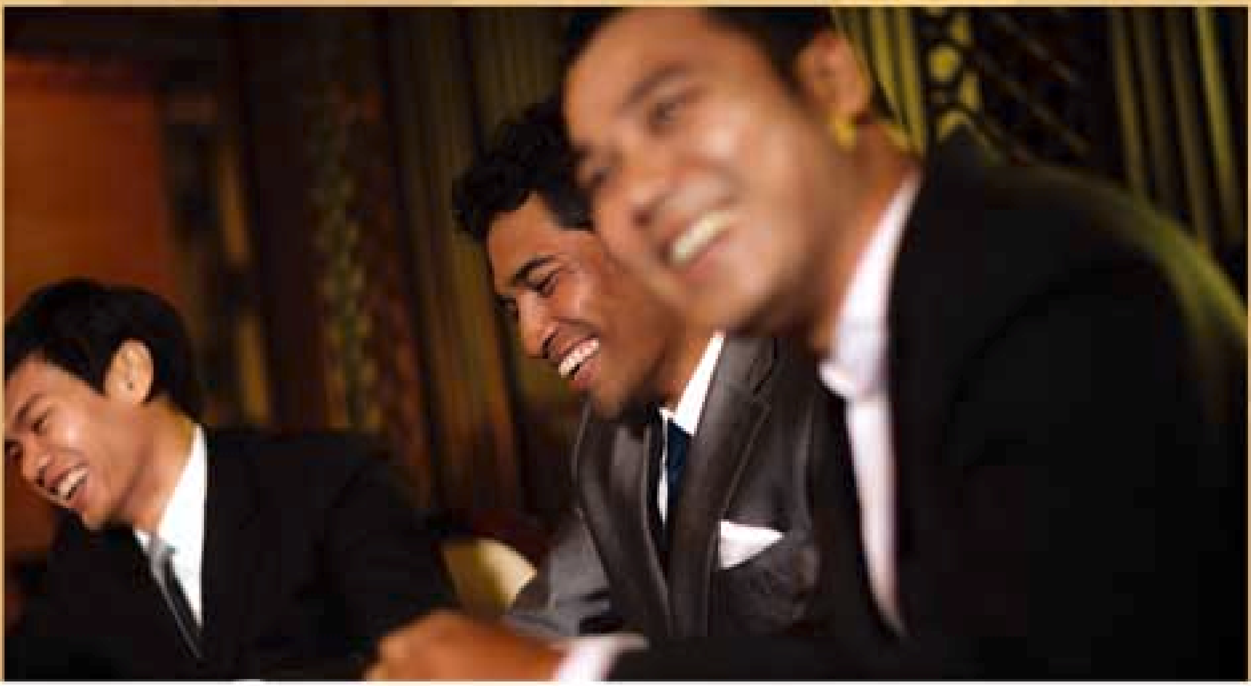


CORPORATE INFORMATION

NagaCorp is the largest hotel, gaming and leisure operator in Cambodia, and the Company has been listed on the Stock Exchange of Hong Kong Limited ("Stock Exchange") since 2006. In fact, NagaCorp became the first company with operations in Cambodia to become a publicly listed entity, as well as the first gaming-related company traded on the Stock Exchange. Our flagship, NagaWorld is Phnom Penh's only integrated hotel-casino entertainment complex and we enjoy a 70-year casino licence that will run until 2065, and a 41-year monopoly within a 200km radius of Phnom Penh until 2035.

BOARD OF DIRECTORS

Executive Directors

Tan Sri Dr Chen Lip Keong *(Chief Executive Officer)*
Philip Lee Wai Tuck
(appointed Chief Financial Officer on 14 February 2011)
Chen Yepern (appointed on 14 February 2011)

Non-executive Director

Timothy Patrick McNally *(Chairman)*

Independent Non-executive Directors

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
Lim Mun Kee
Michael Lai Kai Jin
(re-designated on 6 April 2011)

AUDIT COMMITTEE

Lim Mun Kee *(Chairman)*
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
Michael Lai Kai Jin

REMUNERATION COMMITTEE

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
(appointed as Chairman on 13 March 2012)
Tan Sri Dr Chen Lip Keong
(ceased to be Chairman on 13 March 2012)
Chen Yepern (appointed on 14 February 2011)
Lim Mun Kee
Michael Lai Kai Jin (appointed on 6 April 2011)

NOMINATION COMMITTEE

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir (appointed as Chairman on 22 February 2012)
Tan Sri Dr Chen Lip Keong (ceased to be Chairman on 22 February 2012)
Chen Yepern (appointed on 14 February 2011)
Lim Mun Kee
Michael Lai Kai Jin (appointed on 6 April 2011)

AML OVERSIGHT COMMITTEE

Timothy Patrick McNally *(Chairman)*
Tan Sri Dr Chen Lip Keong
Chen Yepern (appointed on 14 February 2011)
Michael Lai Kai Jin (appointed on 6 April 2011)

COMPANY SECRETARY

Ng Tien Che Margaret

AUTHORISED REPRESENTATIVES

Philip Lee Wai Tuck
Ng Tien Che Margaret

AUDITOR

BDO Limited

SOLICITORS

P. C. Woo & Co.
Troutman Sanders
Reed Smith Richards Butler

PRINCIPAL BANKER

Malayan Banking Berhad
(Phnom Penh Branch)

INVESTOR RELATIONS

We acknowledge the importance of maintaining communication with our shareholders and investors through channels like the annual report and accounts, interim report and accounts, press releases and announcements. Our annual report contains details of financial and other relevant information about the Company's activities. We welcome enquiries about the Company's activities and will handle them in a timely fashion.

LISTINGS

The Company's shares have been listed on Main Board of the Stock Exchange since 19 October 2006.

ANNUAL REPORT 2011

This annual report, in both English and Chinese, is available in printed form and on the Company's website - www.nagacorp.com

STOCK CODE

3918

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN CAMBODIA

NagaWorld Building
Samdech Hun Sen Park
Phnom Penh
Kingdom of Cambodia
P O Box 1099 Phnom Penh
Tel No: +855 23 228822 Fax: +855 23 217532

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2806 Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel : +852 2877 3918 Fax: +852 2523 5475

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong
Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

CHIEF EXECUTIVE OFFICER

Tan Sri Dr Chen Lip Keong

CHIEF FINANCIAL OFFICER

Philip Lee Wai Tuck

VICE PRESIDENT, INVESTOR RELATIONS (USA & EUROPE)

Kevin Nyland

DIRECTOR, CORPORATE FINANCE / INVESTOR RELATIONS (ASIA PACIFIC)

Gerard Chai

COMPANY WEBSITE

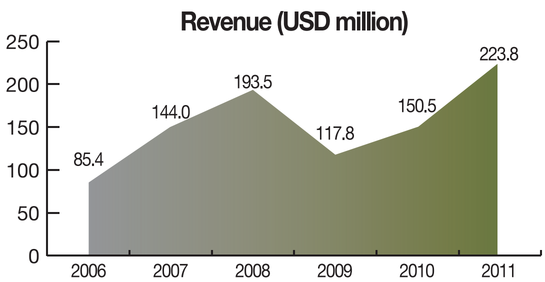
www.nagacorp.com

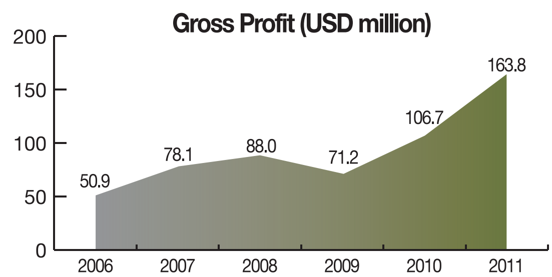
CORPORATE STRUCTURE

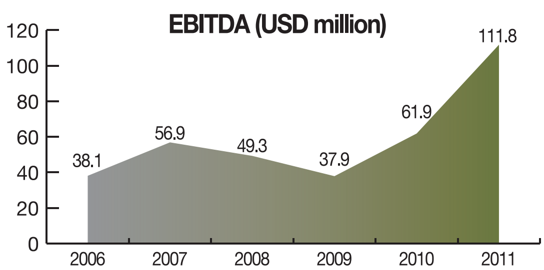
NAGACORP
金 界 控 股 有 限 公 司

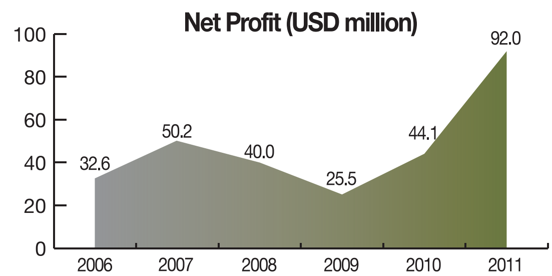
- **NagaCorp Ltd**
  - 100% NagaCorp (HK) Limited
    - 100% Ariston Sdn Bhd ("Ariston")
      - Ariston (Cambodian Branch)
      - 100% Neptune Orient Sdn Bhd ("Neptune Orient")
        - Neptune Orient (Cambodian Branch)
      - 100% Ariston (Cambodia) Limited
    - 100% NAGAWORLD LIMITED ("NWL")
      - NWL (Cambodian Branch) - Hotel & Entertainment Branch
      - NWL (Cambodian Branch) - Gaming Branch
      - 100%
        - Naga Entertainment Limited
        - Naga Sports Limited
        - Naga Services Limited
        - Naga Retail Limited
        - Naga Travel Limited
        - Naga Media Limited
        - Naga Management Limited
        - NagaJet Management Limited
        - Naga Services Company Limited
        - Naga Management Services Limited

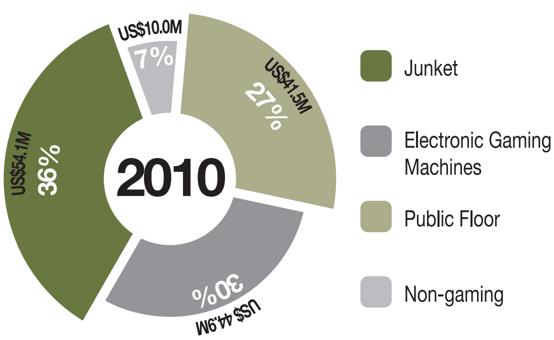
FINANCIAL HIGHLIGHTS



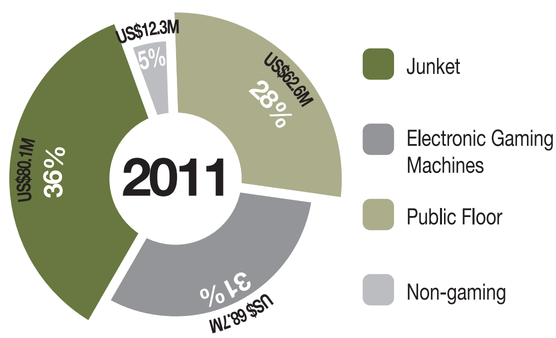








Revenue
(US$150.5 million)



Revenue
(US$223.8 million)


Hands on service,
straight from the heart

CHAIRMAN & CEO'S STATEMENT

Dear Shareholders:

We are pleased to announce that NagaCorp Ltd. ("NagaCorp" or the "Company") reported a 109% increase in Net Profit of US$92.0 million for the year ended 31 December 2011 amidst an uncertain global economy. Propelled by the economic development of the Asia Pacific region, the gaming market in this part of the world continues to grow at impressive rates. That regional vibrancy has undoubtedly had a positive effect on the Company's overall financial performance, but has also highlighted our competitive advantage.

Our financial performance in 2011 resulted in the highest net profit achieved by the Company since our public listing in 2006. We achieved these results by implementing a prudent business strategy and operational efficiency. This produced higher net profit margins and lower earnings volatility for the Company.

Throughout last year, NagaCorp remained steadfast in forging a path toward growth, and above all else, building continued value for you, our shareholders.

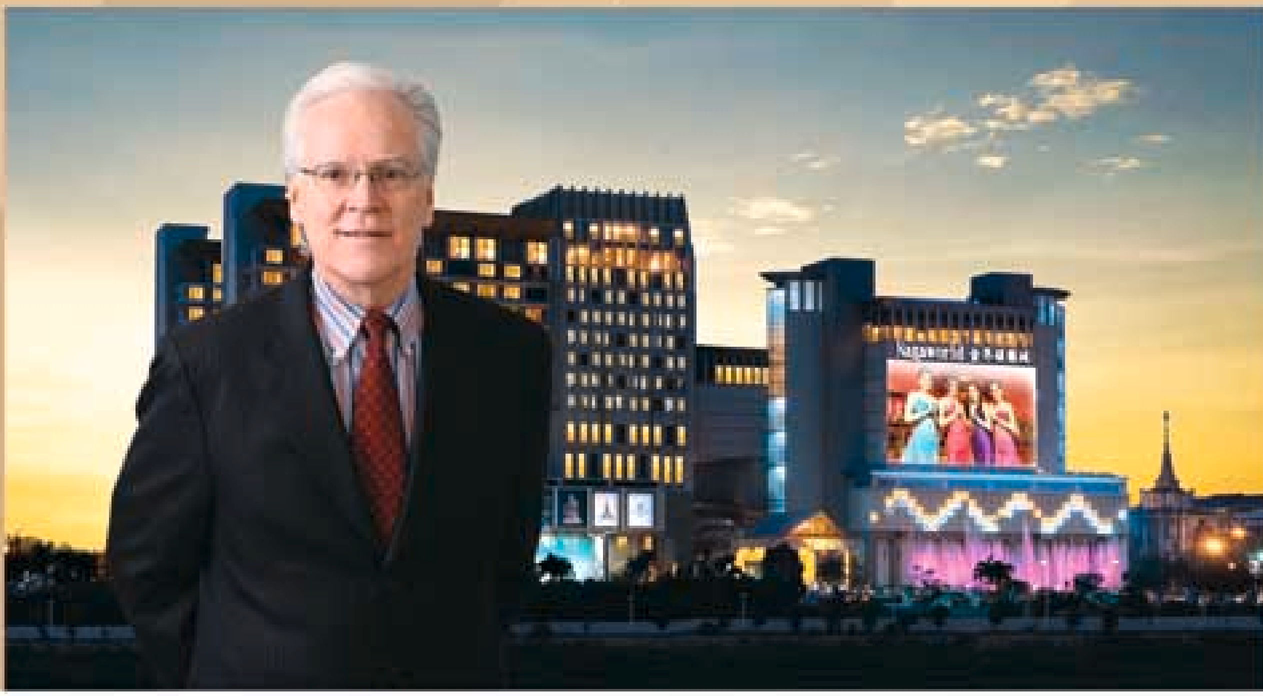
RECORD RESULTS, CONTINUED PRUDENT STRATEGY

Worldwide tourist arrivals for 2011 grew by over 4.4% compared to 2010. In 2012, international tourist growth is forecast to reach the historic 1 billion mark by the end of the year (Source: World Tourism Organisation). Comparatively, tourism in Cambodia increased by approximately 15% to 2.9 million visitors during 2011 compared to 2010 (Source: Cambodia Ministry of Tourism). NagaCorp's strategic geographic location in IndoChina is key to our competitive strength in the mass gaming market. Our business strategy of optimising our products and services, and strengthening our brand awareness in target markets has paved the way to increasing revenue and profitability.

We strive to provide the best hospitality services to our customers. Within a competitive and burgeoning gaming climate throughout the Asia Pacific region, NagaWorld's performance has kept pace with the robust levels of intra-regional travel and consumer spending which is stimulating steady growth in gaming revenue.

At the beginning of 2011 we set aggressive goals to meet our business objectives. Not only did we meet our goals, we exceeded them. The Company's marketing strategy for Vietnam is an integral component in generating business from this customer base, both on the public floor as well as junket VIP segments. We believe that the success of these marketing efforts has set the standard for similar marketing strategies for Thailand and other markets in the region and will continue to generate growth from all segments of the business.

We believe that NagaCorp has only just begun to tap into the junket market, especially within the burgeoning economies of Vietnam, China and Thailand. Penetration into these emerging junket markets with sizeable potential is the key to future growth of the junket business. The Company has engaged international advertising agencies in Thailand and Vietnam to create and execute broad branding and awareness campaigns to capture critical market share. We believe that tapping revenue from the junkets business is one of the keys to the future growth of the Company's overall gaming business.



Timothy Patrick McNally *Chairman*

STEADY DIVIDEND YIELD WITH DIVIDEND PAYOUT RATIO OF APPROXIMATELY 70%

The Board has resolved to declare a final dividend of US cents 1.55 per share (or equivalent to HK cents 12.09 per share) for the year ended 31 December 2011. The proposed Final Dividend together with the Interim Dividend is US cents 3.09 per share (or equivalent to HK cents 24.10 per share), representing a dividend payout ratio of 70% in 2011.

Based on the closing market price of HK$3.22 on 21 February 2012, the Final Dividend provided a half-year yield of 7.5%, which is impressive among gaming companies in the world.

Being centrally located in the gaming culture of Asia, the Company will continue to offer gaming and non-gaming products to the almost 160 million people of the rapidly growing economies of Thailand and Vietnam to increase both the mass market and junket segments of NagaCorp.

Our performance is on an upward trend, producing notable shareholder value during 2011. The next 3-5 years will see NagaWorld on a growth trajectory of more hotel rooms, more public floor area, and more public car parking space. The Company's corporate vision is to become an internationally competitive, world class corporation with sustained excellence. The approval of a very substantial acquisition and connected transaction with NagaCorp Chief Executive Officer and majority shareholder, Tan Sri Dr Chen Lip Keong in the Extraordinary General Meeting (EGM) held on 30 January 2012 is a component of the Company's growth and continued footprint in Indochina.

NagaCorp is continually enhancing its position as Indochina's premier hotel casino complex, offering international standard services and products to its customers and visitors coming from surrounding and growing economies, and beyond. We strive to be more competitive throughout the region and internationally, both in terms of scale and the range of facilities we offer.

Tan Sri Dr Chen Lip Keong *Chief Executive Officer*

SOCIAL RESPONSIBILITIES

For many years, NagaCorp has been recognized for its leadership in corporate social responsibility.

NagaWorld will continue its journey of being a good corporate citizen and striving for excellence to uphold its responsible position in the country.

CORPORATE GOVERNANCE

NagaCorp has engaged an independent professional party to review the internal controls of the Company and its subsidiaries (collectively the "Group") with a focus on anti-money laundering. The independent professional party has performed reviews of the internal controls of the Group and its findings are set out in this report.

The Company has also engaged another professional party to assess the investment risks in Cambodia and its findings are set out in this report.

OUR APPRECIATION

The Board would like to express their appreciation to our employees for their hard work and dedication, and to our shareholders, customers and suppliers for their continued support.

Timothy Patrick McNally	**Tan Sri Dr Chen Lip Keong**
Chairman	*Chief Executive Officer*

Hong Kong
22 February 2012

MANAGEMENT DISCUSSION & ANALYSIS

NagaCorp owns, manages and operates the largest integrated entertainment hotel complex in Cambodia, NagaWorld, and is the only licensed casino in Phnom Penh, the capital city. In addition to the casino complex, the Company has world-class hotel and entertainment facilities with a 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 favourite destination in Indochina.

The Company 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 (except 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 AND FINAL DIVIDENDS

On 9 December 2011 the Company made an interim dividend payment of US cents 1.54 per share (or equivalent to HK cents 12.01 per share) during the year ended 31 December 2011. The Board has also resolved to recommend payment of a Final Dividend of US cents 1.55 per share (or equivalent to HK cents 12.09 per share) for the year ended 31 December 2011, proposed to be declared by the Company at the 2012 annual general meeting. The Company will make a further announcement in respect of the payment of the Final Dividend in accordance with the requirements under the Listing Rules.

RESULTS

Performance Highlights

For the year ended 31 December 2011 and comparative prior year:

	2011	2010
	US$'000	*US$'000*
Public Floor Gaming Tables		
– Buy-ins	**259,343**	203,586
– Revenue	**62,625**	41,517
Electronic Gaming Machines		
– Bills-in	**777,257**	538,396
– Revenue	**68,708**	44,888
– No. of machines at end of period	**1,130**	1,032
Junket Floor Gaming Tables		
– Rollings	**3,237,939**	2,377,480
– Revenue	**80,137**	54,099
– Number of visitors (persons)	**16,019**	7,928
Hotel and Entertainment Operations		
– Revenue	**12,311**	10,013
– Average room occupancy rate	**78%**	60%

Net profit for the year ended 31 December 2011 increased by 109% to approximately US$92.0 million, amidst a competitive and robust gaming climate throughout the Asia Pacific region. This compared to approximately US$44.1 million in 2010. The Company's net profit was partnered with a gross profit increase of 54% to approximately US$163.8 million for the year ended 31 December 2011, from US$106.7 million in 2010.

The Company's gross profit margin was 73% for the year ended 31 December 2011, which improved from 71% in 2010. Revenue increased by 49% to approximately US$223.8 million for the year ended 31 December 2011, from approximately US$150.5 million in 2010. Earnings before interest, tax, depreciation and amortisation was approximately US$111.8 million for the year ended 31 December 2011, and US$61.9 million in 2010. Profit before taxation increased by 100% to approximately US$96.0 million, from approximately US$47.9 million in 2010.

BUSINESS OVERVIEW

The strong economy throughout the Asia Pacific region is expected to continue driving significant visitation and spending. International tourist arrivals grew by over 4.4% in 2011 to a total of 980 million, up from 939 million in 2010. In 2012, international tourist arrivals growth is forecast to reach the historic 1 billion mark by the end of the year (Source: World Tourism Organisation). Comparatively, tourism in Cambodia increased by approximately 15% to 2.9 million visitors in 2011 compared to 2010. Vietnamese visitors increased by 19% to 614,000 in 2011 compared to 2010, as a result of visa-free entry into Cambodia. Vietnamese visitors accounted for 21% of total tourist arrivals in 2011 and represented the largest proportion of tourist to Cambodia. (Source: Ministry of Tourism, Cambodia).

Tourist arrivals into Cambodia are estimated to reach 3.2 million in 2012 (approximately 14% growth), including the effect of anticipated new air links with the Philippines and Indonesia. Overall, tourism arrivals into Cambodia are expected to grow 140% over the next 10 years, from 2.5 million in 2010 to 6 million by 2020. (Source: Ministry of Tourism of Cambodia)

NagaCorp's competitive strengths lie principally in its unique geographic location, world class food and beverage outlets, entertainment events, high quality hotel rooms, and its meetings, incentives, conventions and exhibitions ('MICE') facilities. The Company's primary strategy is to continue to build on its core strengths: to optimize its products and services, to expand and maximise key gaming areas on the property, to strengthen its brand awareness in its target markets, and to refine the Company's customer targeting process to maximise revenue and profitability.

This year was a record-breaking year for NagaCorp on many fronts, in particular its financial performance. Not only did the Company achieve 49% growth in total revenue and a 109% increase in net profit, but also more than doubled earnings per share at US cents 4.42. The Company's profit margins also continued to grow as a result of an efficient business mix and continued control over operating costs. These measures increased gross profit margin from 71% in 2010 to 73% in 2011 and net profit margin from 29% in 2010 to 41% in 2011.

Propelled by the vibrant economic development of the Asia Pacific region, the gaming market in this part of the world continues to grow at impressive rates. That regional vibrancy has undoubtedly had a positive effect on the Company's customer volume and increased gaming traffic, but NagaCorp's financial performance also suggests that it has a competitive advantage in terms of efficiency and better margin levels compared to its regional peers.

Public Floor Gaming Tables

Revenue from public floor tables increased by 51% from US$41.5 million for the year ended 31 December 2010 to US$62.6 million for the year ended 31 December 2011, as a result of higher buy-ins and an increased win rate. Buy-ins on the public floor increased from US$203.6 million for the year ended 31 December 2010 to US$259.3 million for the year ended 31 December 2011.

This significant growth is a clear indicator that the Company's strategy of emphasising the mass gaming market to build a strong business base is a sustainable business model. NagaWorld's consistently steady arrivals from neighbouring countries, in particular Vietnam, is a key customer base filling the public floor area. Several factors also have affected the Company's increased win rate in the public floor segment of the business: Tighter supervision of the Company's table operations and limits, increased efficiency and speed of the games, and an emphasis on a games mix that addresses demand and profitability.

Electronic Gaming Machines

The sustained demand for gaming machines drove revenue for this part of the Company's business to US$68.7 million for the year ended 31 December 2011, representing an increase of 53% over revenue of US$44.9 million in 2010. As at 31 December 2011, the number of slot stations was 1,130, compared with 1,032 as at 31 December 2010.

The continued regulatory enforcement environment and sustained political stability has further ensured the Company's monopoly position within Cambodia and played a significant role in the growth of this part of the business. As the sole casino in Phnom Penh, NagaWorld is committed to placing the most up-to-date gaming machines to satisfy customers' tastes and experience.

Visibly recognizable growth was also reflected in the increase in bills-in from US$538.4 million for the year ended 31 December 2010 to US$777.3 million for the year ended 31 December 2011.

During 2011, NagaWorld launched its first rapid gaming area by installing 91 gaming machines aimed at attracting customers with a particular taste and appetite for rapid play card games. These machines operate live games with a combination of a dealer and an electronic betting interface that increases gaming turnover time. Players place bets using individual touch screens on a computerized table game layout, and wins / losses are instantly settled.

Junket Floor Tables

For the year ended 31 December 2011, revenue from the Company's junket business was US$80.1 million, compared to US$54.1 million in 2010, representing a growth of 48%. Revenue from our junket floor tables accounted for 36% of the Company's total revenue for the year ended 31 December 2011, as well as during 2010. There were approximately 16,019 junket players who visited the casino for the year ended 31 December 2011, compared to 7,928 junket players in 2010.

The level of gaming activity conducted at junket floor tables, as measured by rollings, increased by 36% to approximately US$3.2 billion for the year ended 31 December 2011, from approximately US$2.4 billion for the same period in 2010.

The increase in the number of players and business volume clearly validates that the Company's conservative credit policy installed in 2009 is not a deterrent to players' comfort level playing with cash. The gaming policy is aimed at earning stable revenue from this business segment without gaming volatility. The Company will continue to execute its strategy of maintaining a conservative gaming policy aimed at regional mid-size players, retaining good relationships with key junket operators, growing its own direct VIP players organically and building a strong player database.

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

For the year ended 31 December 2011, the Company derived non-gaming revenue of US$12.3 million, representing an increase of 23% from revenue of US$10.0 million for the same period in 2010. This revenue represents hotel, food & beverage and entertainment services to both gaming and non-gaming patrons. The increase in non-gaming revenue was largely due to the increase in the Company's overall casino volume and foot traffic into the property.

Currently, NagaWorld has a total of 13 food & beverage outlets providing a wide variety of choice for the Company's diverse customer base. This variety helps capture specific target markets and encourages non-gaming guests to visit the property. The Company's non-gaming facilities are critical for NagaWorld to establish its brand in the Indochina region, and extend the length of customers' stay in the hotel.

NagaWorld also is widely recognized as a popular entertainment and meetings, incentives, conventions and exhibitions ('MICE') facilities destination in Indochina, well patronized by both the public and private sectors. These facilities include 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 which can accommodate up to 750 participants.

The Company's hotel segment continued to maintain an average room occupancy rate of 78% for the year ended 31 December 2011, compared to 60% for the year ended 31 December 2010. The solid occupancy levels help increase public floor and gaming machine usage.

The Company's strategic marketing efforts in key target markets, as well as providing internationally recognized services to both gaming and non-gaming patrons continues to carve the Company a unique niche in an increasingly competitive landscape.

Gross Profit

Gross profit margin improved slightly from 71% for the year ended 31 December 2010 to 73% in 2011. The high gross profit margin was primarily a result of 64% of total revenue being derived from the public floor, gaming machines and hotel and entertainment segments of the Company for the year ended 31 December 2011. These business segments do not incur rolling commissions, compared to the junket business where commissions are paid based on rollings achieved by junket players.

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

Administrative and other operating expenses before impairment losses, depreciation and amortization increased by 28% to approximately US$53.6 million for the year ended 31 December 2011, from approximately US$42.0 million in 2010, generally due to higher operational costs required to support the increased level of business activity in 2011. Increases were recorded in fuel consumption for the operation and usage of various gaming and hotel space, food and beverage outlets, and promotional events hosted by NagaWorld. Staff related costs also increased due to the hiring of experienced and qualified staff to enhance the operations of NagaWorld.

Finance Costs

The Company did not incur any significant finance costs as there were no significant financing arrangements in 2011.

Net Profit

Profit attributable to shareholders of the Company, or net profit, increased by 109% to approximately US$92.0 million for the year ended 31 December 2011, from approximately US$44.1 million in 2010. Net profit margins were 41% and 29% for the years ended 31 December 2011 and 2010 respectively.

The Company's financial performance was a result of implementing effective business strategies that fit well into the current demands of its target markets, combined with continuously improving operational efficiency. The strategy of adopting a conservative gaming policy within its junket business is generating steady increases in revenue with high quality players. Also, the Company's focus on public floor gaming has paid off with improved operating margins. The results of these strategies are reflected in better operational efficiency through strict cost control, better management of table limits as well as continuous improvement in the facilities that meet the needs of gaming and non-gaming patrons.

Earnings per share were approximately US cents 4.42 (HK cents 34.5 per share) and US cents 2.12 (HK cents 16.5 per share) for the years ended 31 December 2011 and 2010 respectively.

FINANCIAL REVIEW

Pledge of Assets

As at 31 December 2011, the Group had not pledged any assets for bank borrowings (2010: Nil).

Contingent Liabilities

As at 31 December 2011, the Group had no contingent liabilities (2010: 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 TanSriChen Inc. ("TSC Inc.") and TanSriChen (Citywalk) Inc. ("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 on 30 December 2011 detailing all aspects of the agreement. An Extraordinary General Meeting (EGM) was held on 30 January 2012 at which the independent shareholders voted in favour of the acquisition agreement.

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 year.

Liquidity, Financial Resources and Gearing

As at 31 December 2011, the Group had total cash and cash equivalents and fixed deposits at bank of approximately US$64.8 million (2010: approximately US$44.0 million).

As at 31 December 2011, the Group had net current assets of approximately US$76.4 million (2010: US$61.4 million). The Group had net assets of approximately US$352.5 million as at 31 December 2011 (2010: US$308.7 million).

As at 31 December 2011 and 2010, the Group had no outstanding borrowings.

Capital and Reserves

As at 31 December 2011, the capital and reserves attributable to owners of the Company was approximately US$352.5 million (2010: US$308.7 million).

Staff

As at 31 December 2011, the Group employed a work force of 3,403 (2010: 3,270), stationed in Cambodia, Malaysia and Hong Kong. The remuneration and staff costs for the financial year were approximately US$22.0 million (2010: approximately US$18.1 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

NagaWorld is committed to delivering excellence in services and products to its gaming customers and good relationships with its junket operators are crucial toward satisfying this objective. The Company has maintained a win-win cordial commercial relationship with many of these junket operators for a long period of time, spanning many ups and downs in economic cycles. Mutual support is essential, as our junket business continues to make an important contribution to our business. However, we continue to closely monitor and review the performance of our operators.

We have closely monitored the changes in trade receivables and focused on their recovery, resulting in a 29% decrease in trade receivables from US$34.7 million to US$24.7 million. We feel this is a manageable level of receivables and are pleased with the downward trend going forward.

Management has credit guidelines and supervision in place for monitoring our junket operators, and depending on the performance and other criteria as set by the Company from time to time, some unqualified operators are not granted a credit facility. By doing so, we believe that this revised credit policy will be beneficial to the control and management of trade receivables in the future.

On a prudent basis, the Group has made provision for impairment losses amounting to US$0.3 million in the year ended 31 December 2011 (2010: US$7.2 million) for certain trade receivables which the Group is of the opinion may not be fully recoverable.

DEVELOPMENT OF NAGAWORLD

NagaWorld is a popular tourist destination, well known not only in Cambodia but also within the Indochina region and beyond. The Company's hotel and casino complex appeals to guests from a wide variety of backgrounds, cultures and interests – guests not only from the Asia Pacific region, but worldwide. An award-winning property, NagaWorld operates its facilities at an international standard and continues to receive praise and accolades from global media, investors and repeat guests. NagaWorld's built-up area of approximately 110,768 square meters provides both scope and variety.

The Company continually upgrades and improves NagaWorld. During 2011 the Company launched a new rapid gaming floor with 91 rapid gaming machines to attract a clientele that appreciates the uniqueness of these machines and a low-scale option of table gaming. On the public floor, to ensure its competitive position on Indochina's fast-growing entertainment scene, the Company recently launched NagaRock, a lifestyle gaming, entertainment and dining venue targeted toward high-end customers wanting high-energy entertainment, combined with slot machines and higher limit gaming tables.

NagaWorld's third wing, called the Pool Block is scheduled for completion this year. Along with 220 additional hotel rooms, the additional wing will feature a rooftop swimming pool, health club, more gaming space and car park facilities. The incremental hotel rooms are positioned at a lower price point to appeal to a wider segment of the Company's casino guests. Also under construction is the renovation of 6 luxury suites with attached individual private gaming space for the enjoyment of high-end junket players who seek ultimate privacy. In addition, in 2012 the Company will launch Saigon Palace, a gaming, entertainment and dining venue targeted toward its Vietnamese customers.

These continuous development efforts are aimed at strengthening NagaWorld's position as the gaming and entertainment hub of Indochina. However, this leadership position also means increasing popularity, and a strain on the Company's current facilities. Occupancy rates remain high and NagaWorld's public floor tables and gaming machines see consistent high levels of activity. The additional third wing and its rooms and other facilities will help alleviate an immediate need for space, however, strengthening the Company's long term competitive edge and maintaining its momentum require strategic vision in addressing this critical issue. The shareholders approval to acquire TSC Inc. and City Walk Inc. in a very substantial acquisition agreement with Tan Sri Dr Chen Lip Keong, signifies a new, significant chapter in the history of NagaCorp. These additional facilities which will be completed within 3 to 5 years, will forge the Company's long term competitive edge and help secure its leadership position in the Indochina region.

PROSPECTS

During year-end 31 December 2011, the Company achieved a record-breaking 109% increase in net profit compared to the same period last year. This was the highest net profit achieved by the Company since its public listing in 2006. The Company achieved these results by implementing an effective business strategy combined with staying focused on operational efficiency. This produced higher net profit margins and lower earnings volatility for the Company.

The Company's marketing strategy for Vietnam is an integral component in generating business from this customer base, both on the public floor as well as junket VIP segments. The Company believes that the success of these marketing efforts has set the standard for similar marketing strategies for Thailand and other markets in the region and will continue to generate growth from all segments of the business.

NagaCorp's junket business continues to be an important component of the Company's business model. NagaCorp's conservative credit policy, combined with relatively low table limits has bolstered its junket business. The positive growth in this segment of the business occurred in conjunction with credit policies that grant limited credit lines to certain junket operators under strict guidelines and supervision, as well as efforts to encourage wagering on cash terms.

The Company believes that it has only just begun to tap into the junket market, especially within the burgeoning economies of Vietnam, China and Thailand. Penetration into these emerging junket markets with sizeable potential is the key future growth of this business. In both Vietnam and Thailand, the Company has engaged international advertising agencies to create and execute broad branding and awareness campaigns in those markets to help the Company capture critical market share. NagaCorp believes that tapping revenue from low-end junkets and careful penetration into lucrative high-end junket markets, is one of the keys to the future growth of the Company's junket business.

As NagaCorp reports its most profitable annual results in the history of the Company, it is optimistic about the future. Being centrally located in the gaming culture of Asia, the Company will particularly strive to continue offering rewarding gaming and non-gaming products to the almost 160 million people of the rapidly growing economies of Thailand and Vietnam, presenting prime opportunities to both the mass market and junket segments of the Company.

During 1998-2007, Cambodia's GDP growth was strong – averaging 9.1% per year. This period of impressive growth was interrupted in 2008-2009, but is recovering strongly and forecast to grow between 6.5-6.8% annually from 2011 to 2015 (Source: Ministry of Economy and Finance of Cambodia, International Monetary Fund). Gross National Income (GNI) per capita during 2010 increased 17% over 2009 (Source: World Bank). Cumulatively, GNI increased by 46% during 2006-2010. This strong economic growth is tightly woven into the country's stable political environment.

A strong local economy, especially in agriculture, garment manufacturing and the services industry, along with a stronger financial sector, has led the economic growth in Cambodia. According to preliminary projections from the Cambodian Ministry of Economy and Finance, Cambodia's gross domestic product (GDP) grew 6.9 per cent year-on-year in 2011, and is set to grow 6.5 per cent in 2012. The economic rebound has helped to boost the need for additional capital for business expansion and working capital.

Tourist arrivals to Cambodia in 2011 represented an increase of 15% to 2.9 million (Source: Ministry of Tourism of Cambodia). The majority of these visitors who come to Phnom Penh also visit NagaWorld, making the company's hotel and entertainment complex one of the most visited sites in the Kingdom of Cambodia. This increased traffic of visitors to Phnom Penh, which translates into greater visitation and business volume at NagaWorld - driving higher gaming revenue and Company performance - continues to keep pace with robust levels of intra-regional travel and consumer spending.

The Company's performance is on an upward trend, producing notable shareholder value during 2011. However, during the next 3-5 years, NagaWorld's growth trajectory is expected to put significant strain on the Company's capacity. Operational issues such as hotel room demand, public floor congestion, and public car parking all need to be addressed. The Company's corporate vision is to become an internationally competitive, world class corporation with sustained excellence. The approval of a very substantial acquisition and connected transaction with NagaCorp Chief Executive Officer and majority shareholder, Tan Sri Dr Chen Lip Keong in the Extraordinary General Meeting (EGM) held on 30 January 2012 is a crucial component of the Company's growth and continued footprint in Cambodia.

NagaCorp is intent on enhancing its position as Indochina's premier hotel casino complex, offering international standard services and products to its customers and visitors coming from surrounding and growing economies, and beyond. The Company is intent on becoming more competitive throughout the region and internationally, both in terms of scale, and the range of facilities it offers. The acquisition of the connected transaction with Tan Sri Dr Chen Lip Keong in 3-5 years will be the culmination of a vision and foresight that will transform NagaWorld to an integrated gaming and entertainment destinations in Indochina. This, in conjunction with the Company's already burgeoning market share, will continue to benefit Cambodia as a host nation and continue generating optimum value for the Company, its shareholders and investors.


Immerse yourself in local culture at our world-class resort

DIRECTORS' PROFILE

Timothy Patrick McNally

Chairman

Mr. Timothy Patrick McNally, 64, joined the Company in February 2005 as Chairman of the Board. From April 1999 until October 2005, Mr. McNally was the Executive Director of Security and Corporate Legal Services for the Hong Kong Jockey Club, and was a member of the executive Board of Management responsible for corporate governance issues.

Mr. McNally is currently an international security consultant and operates McNally Security Group. Prior to his move to Hong Kong, Mr. McNally was a Special Agent of the Federal Bureau of Investigation ("FBI") for over 20 years. Mr. McNally's career focused on the investigation and prosecution of serious crimes, including organized crimes, drug trafficking, corruption and fraud.

Mr. McNally was assigned for two years as a legislative counsel by the FBI to handle issues for the US Congress. Mr. McNally held senior positions within the FBI including head of organized crime and drug investigative programs in the Miami, Florida, Deputy Director of the National Drug Intelligence Center, head of Criminal Division of the Washington DC field office, Agent-in-charge of the Baltimore, Maryland office, and head of Field Division in Los Angeles, California.

Mr. McNally is a member of the Asian Society of Southern California; the National Executive Institute; and the Society of Former Special Agents of the FBI. He is a graduate of the University of Wisconsin-Eau Claire, receiving a Bachelor's degree in Political Science. He received a Juris Doctorate degree from Marquette University Law School and was admitted to the State Bar of Wisconsin.

Save as disclosed above, Mr. McNally does not hold any other directorship in the public companies the securities of which are listed on any securities market in Hong Kong and overseas in the last three years and does not hold any position in the Company or its subsidiaries.

Mr. McNally does not have any relationships with any director, senior management or substantial or controlling shareholders of the Company and does not hold any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Tan Sri Datuk Dr Chen Lip Keong

CEO

Tan Sri Datuk Dr Chen Lip Keong, 64, is the Chief Executive Officer, founder and controlling shareholder of the Company. Tan Sri Dr Chen has over 30 years of entrepreneurial and business experience. He is the father of Mr. Chen Yepern, one of the Company's Executive Directors.

Tan Sri Datuk Dr Chen is a director of all the subsidiaries of the Company. Tan Sri Datuk Dr Chen is the controlling shareholder and president of Karambunai Corp Bhd (tourism in Sabah, East Malaysia), FACB Industries Incorporated Berhad (for stainless steel pipes and fittings manufacturing) and Petaling Tin Berhad (for property development) the companies of which are listed on the Bursa Malaysia Securities Berhad.

Save as disclosed, Tan Sri Datuk Dr Chen does not hold directorship in companies the securities of which are listed on any securities market in Hong Kong or overseas, in the last three years.

Chen Yepern

Executive Director

Mr. Chen Yepern, 28, was appointed an Executive Director on 14 February 2011. Mr. Chen graduated with a Bachelor of Science degree in Finance from The California State University Northridge in 2009 and subsequently worked at Caesar's Palace in 2010.

Mr. Chen is currently a director of NagaCorp (HK) Limited, a wholly owned subsidiary of the Company, and NagaWorld Limited, Naga Sports Limited, Naga Travel Limited, Naga Retail Limited, Naga Entertainment Limited, Naga Services Limited, Naga Media Limited, Naga Management Limited, NagaJet Management Limited and Naga Management Services Limited, those are indirect wholly owned subsidiary of the Company. He is the son of Tan Sri Dr. Chen Lip Keong, Chief Executive Officer, founder and controlling shareholder of the Company.

Save as disclosed above, Mr. Chen is not a director of any company the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not hold any position in the Company or its subsidiaries.

Save as disclosed above, Mr. Chen is not related to any director, senior management or substantial shareholder of the Company and does not hold any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Philip Lee Wai Tuck

Executive Director

Mr. Philip Lee Wai Tuck, 49, is a qualified Certified Public Accountant. Mr. Lee has experience in various industries before joining the Group in 2009. Mr. Lee has previously worked in or held directorships in various companies listed on the Bursa Malaysia. Mr. Lee took on senior management positions in financial and management functions with wide experience in accounting, finance, treasury and corporate finance. Mr. Lee is presently Chief Financial Officer of the Company and Senior Vice President, Finance & Treasury in NagaWorld Limited, as well as the Director of NagaCorp (HK) Limited, Naga Sports Limited, Naga Travel Limited, Naga Retail Limited, Naga Entertainment Limited, Naga Services Limited, Naga Media Limited, Naga Management Limited, NagaJet Management Limited and Naga Management Services Limited, those are indirect wholly owned subsidiaries of the Company. Mr. Lee oversees the financial, treasury and business operations of the Group.

Mr. Lee is a member of the Malaysian Institute of Certified Public Accountants (MICPA), Malaysian Institute of Accountants (MIA) and CPA Australia.

Save as disclosed above, Mr. Lee is not a director in any company the securities of which are listed on any securities market in Hong Kong and overseas in the last three years.

Mr. Lee is not related with any director, senior management or substantial or controlling shareholder of the Company and does not hold any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Michael Lai Kai Jin

Independent Non-executive Director

Mr. Michael Lai Kai Jin, 42 was a Non-executive Director from 31 May 2010 to 5 April 2011 and was re-designated as Independent Non-executive Director on 6 April 2011. Mr. Lai graduated from the National University of Singapore with a L.L.B (Hons) Degree in 1994 and was called to the Singapore Bar the following year. He was formerly a partner of Messrs. KhattarWong, one of the largest law firm in Singapore with offices in Shanghai, Hanoi and Ho Chi Minh. Mr. Lai's practice focused on marine and admiralty law and has handled numerous legal disputes in the area of international trade and transport. Mr. Lai was formerly the Chairman of the Advisory Body Legal Matters, FIATA and the Legal Counsel for the Singapore Logistics Association.

Mr. Lai is currently Chairman of PVKeez Pte Ltd ("PVKeez"), a joint venture between EOC Ltd ("EOC"), Ezra Holdings Ltd, Keppel Corporation Ltd and PetroVietnam Transportation Corporation. PVKeez joint venture was set up for the conversion, management and operation and offloading facility in Vietnam's Chim Sao oilfield. Mr. Lai sits on the board of directors of EOC which is listed on the Oslo Stock Exchange. EOC is the operator of PVKeez and the owner of other offshore construction assets based in Asia.

Mr. Lai sits on the board of directors of Select Group Ltd which is listed on the Singapore Stock Exchange and Interlink Petroleum Ltd which is listed on the Mumbai Stock Exchange. He is also an Independent Non-executive Director of Pan Asia Mining Limited, a company listed on the Growth Enterprise Market of the Stock Exchange.

Save as disclosed above, Mr. Lai is not a director of any company the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not hold any other position in the Company or its subsidiaries.

Save as disclosed above, Mr. Lai does not have any relationships with any other director, senior management or substantial or controlling shareholders of the Company nor any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir

Independent Non-executive Director

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, 72, has been an Independent Non-executive Director since 17 September 2007. He is a Barrister-At-Law of Lincoln Inn, London. Tan Sri Kadir previously served the Federal Government of Malaysia as Political Secretary, Parliamentary Secretary, Deputy Minister and Minister of Information, Minister of Culture, Art and Tourism and Chairman of Tourism Promotion Board. Tan Sri Kadir also practiced as lawyer at Hisham, Sobri & Kadir and Kadir, Khoo & Aminah.

Tan Sri Kadir is currently Chairman and an Independent Non-executive Director of Karambunai Corp Berhad, a company controlled by Tan Sri Dr Chen, the controlling shareholder of the Company.

Save as disclosed above, Tan Sri Kadir is not a director in any company the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and does not hold any position in the Company or its subsidiaries.

Save as disclosed above, Tan Sri Kadir has no relationships with any director, senior management or substantial or controlling shareholders of the Company and does not hold any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Lim Mun Kee

Independent Non-executive Director

Mr. Lim Mun Kee, 45, has been an Independent Non-executive Director since 17 September 2007. He is a qualified Accountant registered with the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. Mr. Lim started his career with KPMG Peat Marwick, Malaysia and has over 18 years of professional experience in the field of auditing, finance at a management level.

Mr. Lim is currently Director of several non-listed companies in Malaysia. He is also a Licensed Commission Dealer registered with the Stock Exchange of Malaysia. Mr. Lim is an Independent Non-executive Director of Petaling Tin Berhad, FACB Industries Incorporated Berhad and Karambunai Corp Berhad, all of which are listed in Malaysia and controlled by Tan Sri Dr Chen, the controlling shareholder of the Company.

Save as disclosed above, Mr. Lim does not hold any other directorship in the public companies the securities of which are listed on any securities market in Hong Kong and overseas in the last three years and does not hold any position with the Company or its subsidiaries.

Save as disclosed above, Mr. Lim does not have any relationships with any other director, senior management or substantial or controlling shareholders of the Company and does not hold any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

CORPORATE SOCIAL RESPONSIBILITY

NagaCorp has embraced a philosophy of socially responsible operations since its inception in the mid-1990s. Social responsibility is one of NagaCorp's key values and something we take very seriously – acting responsibly is fundamental to how we carry out every aspect of our business. We strive to improve the lives of our host country, Cambodia, considering the needs of the current generation, as well as anticipating the needs of future generations.

We believe effective corporate and social responsibility can deliver benefits to our business, and in turn our shareholders by enhancing good management practices and embracing integrity. This shared vision between us and our shareholders fuels our commitment toward social responsibility and guides our belief in dealing honestly and ethically within the community we operate. Our corporate governance activities are very much embedded in the foundations of our Corporate Social Responsibility (CSR) program. They are rooted in the belief that we can balance profitability and a social conscience.

Through its public and private participation program, NagaCorp is a key participant in many charitable and nation building activities. As the entertainment capital of Indochina, NagaCorp has positioned itself as a key tourism icon, raising the international profile of both the Company and Cambodia through enhancing tourism and attracting foreign investment since the early days of our nation building efforts. We are entrenched in our profound determination to transform the country, including helping to increase per capita income and address social needs, whenever the opportunity arises.

1. YOUTH DEVELOPMENT SPORTS PROGRAM

In partnership with the National Olympic Committee of Cambodia (NOCC), NagaCorp launched the "NagaWorld Go for Gold" initiative for the 26th and 27th South East Asian (SEA) Games in Indonesia in 2011 and Myanmar in 2013 respectively. NagaCorp was the first company from the private sector to show its support towards the Cambodian SEA Games athletes and this incentive was widely covered by major print and broadcast outlets throughout the country.

NagaCorp's SEA Games initiative provided complete outfitting for the Cambodian SEA Games contingent, including official attire and equipment for the athletes, coaches and officials. NagaCorp also awarded each individual gold medalist US$3,000 and each team gold medalist US$5,000. Additionally, NagaCorp awarded NOCC with cash incentives for every Gold medal achieved by the Cambodian SEA Games contingent for 2011. Overall, NagaCorp's initiative contributed US$50,000 towards the Cambodia contingent at SEA Games 2011 in Indonesia.

As part of NagaCorp's ardent support in developing Cambodian youth athletics, the Company initiated a sponsorship for the Cambodian Youth Football team, enabling the athletes to travel and participate in a regional football tournament this year. The sponsorship also included hosting the tournament's officials and referees at NagaWorld during their stay in Phnom Penh.

Since 2002, NagaCorp's in-house football team, NagaCorp Football Club has been allocated an annual budget by the Company and actively promotes the sport. The team has 26 players and has won 3 championships under the Cambodia league, part of the international football league. The championships were won at the Brunei (2005) AFF Club championship, the Taipei 2008 President's Cup and the Myanmar 2010 President's Cup.

NagaCorp also contributes almost US$50,000 each year as the main sponsor of the annual Khmer international boxing event, attended by six countries and held at the national stadium in Phnom Penh.

The Cambodian Rugby Federation's inaugural NagaWorld Cambodian Rugby 7s this year was the first step toward bringing this fast-paced, intense international sport to Cambodia. Participating teams competed in men's, women's and children's matches and the overall winners went home with a championship trophy and a cash prize, all part of NagaWorld's title sponsorship.

2. EDUCATION

Our commitment to shareholders extends to developing human capital. We believe that human capital is NagaCorp's richest asset, but we also believe that Cambodia's future success depends on nurturing future leaders and providing resources for youth who are eager to learn.

Cambodia's earlier unfortunate genocidal regime eroded much of the country's human resource pool and NagaCorp is fully aware of the need for adequate human capital for nation building in Cambodia. This is precisely why NagaCorp is a prominent corporate citizen in the commitment of educational programs in the country.

Tourism is one of the biggest contributors to Cambodia's growing economy and this creates a significant need for training and development within Cambodia's hospitality industry. To help address these needs the NagaWorld School of Tourism was established to teach best practices in the hospitality industry.

The NagaWorld School of Tourism has been recognised in Cambodia for its efforts in training young people in basic courses such as speaking English, knowledge of appropriate dressing, and overall improvement in mannerisms for careers in tourism.

NagaCorp has trained thousands of young Cambodians, including the Company's staff of approximately 3,300 employees, one of the largest work forces in the country. In 2011 for instance, as part of the NagaWorld School of Tourism we provided 18 different training programs for our employees. There, students learn important skills for success such as etiquette, communication skills, supervisory management, time management, problem solving and decision making, and language classes in English, Mandarin, Khmer, and Vietnamese.

In conjunction with the NagaWorld School of Tourism we also provide an internship program which gives participants valuable exposure to world class corporate standards, and self-improvement for career advancement.

NagaCorp also provides important scholarship opportunities for deserving students. This year the Company awarded 100 scholarships, valued at US$74,000, to deserving, highly selected students at the University of Svay Rieng.

Also, this year NagaCorp donated US$25,000 toward the construction of a new high school and library in remote Kratie Province, where almost all residents are subsistence farmers or fishermen along the Mekong River.

Staying in tune with cutting-edge anti-money laundering issues is a key part of training for specialist staff at NagaCorp. A component of this effort is employee participation in the Certified Anti-Money Laundering Specialist® (CAMS) credential, provided by The Association of Certified Anti-Money Laundering Specialists® (ACAMS®). CAMS training assures that NagaCorp staff maintains the highest level of knowledge and expertise as the Company stays in complete compliance with global anti-money laundering standards.

3. CAMBODIAN RED CROSS

The Cambodian Red Cross is the largest Non-Governmental Organization (NGO) in Cambodia and is officially recognised by the Cambodian Government as the primary auxiliary for humanitarian services throughout the country. The Red Cross has been one of NagaCorp's long-time partners in contributing to society, giving back to the community and working as a strong partner towards building Cambodia's social welfare.

The Red Cross provides many humanitarian services such as disaster response and disaster preparedness, community-based health development, water and sanitation services, community-based first aid, and response to human trafficking. As a committed partner to this invaluable organization, and to continually help the Red Cross achieve its goals, every year NagaCorp donates at least US$100,000. This year, the Company donated over US$250,000 to the Red Cross.

In addition to this contribution, NagaCorp also collaborated with the Red Cross and local NGOs with donations to help vulnerable families affected by extensive flooding from an intense monsoon season throughout Cambodia late this year. This included donating US$58,000 for 100 tons of rice for these families, as well as other food and emergency medical care and supplies.

4. INFRASTRUCTURE

Since our beginnings, social responsibility has been one of our key values. Providing community well-being has been synonymous with the way NagaCorp practices its business. We believe that better infrastructure leads to better connectivity and eventually a better economy. As a long term nation builder in Cambodia we have helped to build roads, drainage systems, housing, schools, temples, wells and hospitals.

The drastic flooding last year damaged roads and infrastructure in almost every province of the country. As part of our ongoing efforts to help build and maintain Cambodia's infrastructure, we contributed nearly US$50,000 towards rebuilding roads that were severely damaged during the flooding.

NagaCorp feels it is imperative that the Company does its part to develop the infrastructure required by a modern society. Our corporate governance is built around the premise of nation building and we extend our reach in ways that inevitably touch the lives of many Cambodians.

5. HELPING MAINTAIN LAW AND ORDER

Maintaining law and order as Cambodia's society matures will become more and more crucial, requiring greater resources each year. By supporting the Cambodian government in maintaining an orderly and law-abiding society, NagaCorp is fulfilling one of the Company's key pillars of CSR accountability.

We believe that by contributing to various law enforcement agencies throughout the Kingdom, we are supportive of the authorities as they carry out their broad responsibilities.

CORPORATE GOVERNANCE REPORT

The Board of the Company is committed to maintaining a high standard of corporate governance and ensuring integrity, transparency and adequate level of disclosure.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Company's directors (the "Directors"), having considered amongst others, the findings of reviews and/or audits conducted by the independent professional parties (as explained below), the Company has applied the principles and complied with all the applicable code provisions as set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the financial year ended 31 December 2011.

DIRECTORS' SECURITIES TRANSACTIONS

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 (including amendments as effected from time to time) as the code of conduct of the Directors in respect of transactions in securities of the Company. Following specific enquiry by the Company, the Directors confirmed that they have complied with the required standard set out in the Model Code for the financial year ended 31 December 2011.

THE BOARD

The Company has a Board with a balanced composition of Executive and Non-executive Directors to provide for leadership, control and management of the Company's business and affairs. The Board is committed to making decisions objectively in the interests of the Company.

The Board currently consists of three Executive Directors namely, Tan Sri Dr Chen Lip Keong (Chief Executive Officer), Mr. Philip Lee Wai Tuck (Chief Financial Officer) and Mr. Chen Yepern, one Non-executive Director namely, Mr. Timothy Patrick McNally (Chairman), and three Independent Non-executive Directors namely, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee and Mr. Michael Lai Kai Jin.

Each of the Directors' biographical information is set out under the heading "Directors' Profile" in this report.

Save as the fact that Mr. Chen Yepern is a son of Tan Sri Dr Chen Lip Keong, the Chief Executive Officer, Executive Director and the controlling shareholder of the Company, to the best knowledge of the Directors, there is no financial, business and family or other material/relevant relationship among members of the Board and between the Chairman and the Chief Executive Officer. All of them are free to exercise their independent judgment.

Mr. Michael Lai Kai Jin was re-designated by the Board as an Independent Non-executive Director on 6 April 2011 and the re-designation was announced on the same day. The Board is satisfied that Mr. Lai is independent and meets all the independence criteria in Rule 3.13 of the Listing Rules except Rule 3.13(7) that he was a Non-executive Director of the Company. Notwithstanding his relationship with the Company as a Non-executive Director prior to his re-designation, Mr. Lai did not have any executive or management role or functions in the Company or the Group, nor had he been under the employment of any member of the Group but only attended board meetings and audit committee meetings of the Company.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent. All of the Independent Non-executive Directors have accepted a letter of appointment by the Company and none of them has entered into any service contracts with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Board meets regularly throughout the year as and when necessary. Board minutes with appropriate details are circulated to the Directors for comments within reasonable time after each meeting and are finalized and kept by the company secretary of the Company. Such Board minutes are open for Directors' inspection.

For the financial year ended 31 December 2011, 4 board meetings were held. Details of the attendances of the Board meetings are set out below:

Directors	**No. of meetings attended/held**
Executive Directors	
Tan Sri Dr Chen Lip Keong *(Chief Executive Officer)*	4/4
Mr. Philip Lee Wai Tuck (appointed as Chief Financial Officer on 14 February 2011)	4/4
Mr. Chen Yepern (appointed on 14 February 2011)	4/4
Non-executive Directors	
Mr. Timothy Patrick McNally *(Chairman)*	4/4
Mr. Chen Yiy Fon (resigned on 14 February 2011)	0/1
Independent Non-executive Directors	
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	4/4
Mr. Lim Mun Kee	4/4
Mr. Michael Lai Kai Jin (re-designated on 6 April 2011)	4/4
Mr. Leow Ming Fong (retired on 24 May 2011)	1/1

The Directors may seek independent professional advice as necessary, at the Company's expense, to assist them to discharge their duties. Appropriate and sufficient information is provided to the Directors in a timely fashion to keep them abreast of the Group's latest development.

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer are separated and assumed by different individuals to ensure a balance of power and authority, so that power is not concentrated in any one individual of the Board. The Chairman, Mr. Timothy Patrick McNally is responsible for overseeing the function of the Board while the Chief Executive Officer, Tan Sri Dr Chen Lip Keong, is responsible for managing the Group's business and overall operations. There is a clear division of responsibilities between the Chairman and Chief Executive Officer.

DELEGATION BY THE BOARD

The Board has established various committees including the Audit Committee, Remuneration Committee, Nomination Committee and AML Oversight Committee, and delegated authority to them for overseeing certain aspects of the Company's affairs. There are clear written terms of reference for the Board Committees and requirements for them to report to the Board regularly on their decisions and recommendations. The day-to-day management of the operations of the Company is delegated to the divisional heads.

DIRECTOR'S RESPONSIBILITIES

The Board is responsible for the management of the Company, which includes formulating business strategies, directing and supervising the Company's affairs. Executive directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise.

Upon appointment, every Director is given comprehensive documentation of the business operation of the Group and regulatory and statutory requirements as director together with briefing with senior executives and department heads of the Group.

AUDIT COMMITTEE

The Company has established written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee consists of three Independent Non-executive Directors namely, Mr. Lim Mun Kee and Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Mr. Michael Lai Kai Jin. The Audit Committee is chaired by Mr. Lim Mun Kee.

The principal responsibilities of the Audit Committee include, amongst others, ensuring the objectivity and credibility of financial reporting and internal control principles as well as maintaining an appropriate relationship with the external auditors of the Company.

For the financial year ended 31 December 2011, 4 Audit Committee meetings were held and details of the attendances of the Audit Committee members are set out below:

Directors	No. of meetings attended/held
Independent Non-executive Directors	
Mr. Lim Mun Kee *(Chairman)*	4/4
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	4/4
Mr. Michael Lai Kai Jin (re-designated on 6 April 2011)	4/4

For the financial year ended 31 December 2011, the Audit Committee had considered, reviewed and/or discussed (1) the auditing and financial reporting matters; (2) the appointment of external auditors including the terms of engagement; (3) the annual and interim financial results; and (4) the reports on the Group's internal control with a focus on anti-money laundering ("AML") issued by an independent professional party. Each member of the Audit Committee has unrestricted access to the external auditors and all senior staff of the Group.

The Audit Committee recommended to the Board that, subject to the approval of the Shareholders at the forthcoming annual general meeting, Messrs. BDO Limited be re-appointed as the external auditors of the Company.

REMUNERATION COMMITTEE

The Company has established written terms of reference for the Remuneration Committee in accordance with the requirements under the Listing Rules. The Remuneration Committee currently consists of Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, Mr. Michael Lai Kai Jin, Tan Sri Dr Chen Lip Keong and Mr. Chen Yepern. Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir acts as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior management of the Company, to determine specific remuneration packages of all executive Directors and senior management of the Company and to make recommendations to the Board of the remuneration of non-executive Directors. Such remuneration policy is determined based on the expertise, capability, performance and responsibility of our Directors and senior management. The Remuneration Committee also takes into consideration of factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration. In addition to salaries, we provide staff benefits such as medical insurance and contributions to staff's mandatory provident scheme.

For the financial year ended 31 December 2011, 2 Remuneration Committee meetings were held to review the above matters and details of the attendances of the Remuneration Committee members are set out below:

Directors	**No. of meetings attended/held**
Executive Directors	
Tan Sri Dr Chen Lip Keong (ceased to be Chairman on 13 March 2012)	2/2
Mr. Chen Yepern (appointed on 14 February 2011)	2/2
Non-executive Director	
Mr. Chen Yiy Fon (resigned on 14 February 2011)	0/1
Independent Non-executive Directors	
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir (appointed as Chairman on 13 March 2012)	2/2
Mr. Lim Mun Kee	2/2
Mr. Michael Lai Kai Jin (appointed on 6 April 2011)	2/2
Mr. Leow Ming Fong (retired on 24 May 2011)	0/1

NOMINATION COMMITTEE

The Company has established written terms of reference for the Nomination Committee in accordance with the requirements under the Listing Rules. The Nomination Committee currently consists of Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Tan Sri Dr Chen Lip Keong, Mr. Chen Yepern, Mr. Lim Mun Kee and Mr. Michael Lai Kai Jin. Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir acts as the Chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee are to review from time to time and as appropriate the structure, size and capability (including the skills, knowledge and experience) of the Board and make recommendations to the Board regarding any proposed changes to the composition of the Board. The Nomination Committee also undertakes to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of such individuals for directorships. The Nomination Committee will take into consideration factors such as qualification, work experiences, and time commitment for recommending suitable candidates to the Board. The Nomination Committee also assesses the independence of Independent Non-executive Directors and makes recommendations to the Board on relevant matters relating to the appointment or re-appointment of and succession planning for Directors.

For the financial year ended 31 December 2011, 2 Nomination Committee meetings were held to review the above matters and details of the attendances of the Nomination Committee members are set out below:

Directors	No. of meetings attended/held
Executive Directors	
Tan Sri Dr Chen Lip Keong (ceased to be Chairman on 22 February 2012)	2/2
Mr. Chen Yepern (appointed on 14 February 2011)	2/2
Non-executive Director	
Mr. Chen Yiy Fon (resigned on 14 February 2011)	0/1
Independent Non-executive Directors	
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir (appointed as Chairman on 22 February 2012)	2/2
Mr. Lim Mun Kee	2/2
Mr. Michael Lai Kai Jin (appointed on 6 April 2011)	2/2
Mr. Leow Ming Fong (retired on 24 May 2011)	1/1

Following the recent changes to the Listing Rules, the Chairman of the Remuneration and Nomination Committees must be Independent Non-executive Director or Chairman of the Board (applicable to Nomination Committee only), the Board passed resolutions to change the Chairman of the Remuneration and Nomination Committees from Tan Sri Dr Chen Lip Keong to Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir to comply with the Listing Rules.

The Articles of Association of the Company provide that any Director appointed either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. The Articles of Association also provide that one-third of the Directors for the time being, or, if their number is not a multiple of three(s), the number nearest to but not less than one third shall retire from office by rotation at each AGM of the Company provided that every Director shall be subject to retirement by rotation at least once every three years.

In accordance with the Articles of Association of the Company, Mr. Timothy Patrick McNally, Mr. Philip Lee Wai Tuck and Mr. Michael Lai Kai Jin shall retire from office by rotation at the forthcoming annual general meeting. Mr. Timothy Patrick McNally, Mr. Philip Lee Wai Tuck and Mr. Michael Lai Kai Jin, being eligible, will offer themselves for re-election.

All Non-executive Directors of the Company were appointed for a term of one year. The appointment may be renewed for another one year at the discretion of the Board but are subject to the relevant provisions of retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Articles of Association of the Company.

INTERNAL CONTROLS

The AML Oversight Committee currently consists of Mr. Timothy Patrick McNally, Tan Sri Dr Chen Lip Keong, Mr. Chen Yepern and Mr. Michael Lai Kai Jin. The principal responsibility of the AML Oversight Committee is to formulate policies and strategies on AML development and implementation programmes as well as to help ensure quality control and to act as an oversight committee on AML matters. Mr. Timothy Patrick McNally acts as the Chairman of the AML Oversight Committee.

The Company has engaged an independent professional party to review internal controls of the Group with a focus on AML for the financial year ended 31 December 2011. The independent professional party performed reviews of the internal controls of the Group and was of the view that, in general, the internal controls of the Group complied with the relevant recommendations of the Financial Action Task Force. For more details, please refer to the heading "Independent Internal Controls Review Report" in this report.

The Company has also engaged another independent professional party to assess the investment risks in Cambodia for the financial year ended 31 December 2011. For more details, please refer to the heading "Independent Review of Investment Risks in Cambodia" in this report.

The Board, through the reviews made by the independent professional parties and the AML Oversight Committee, had reviewed the Group's internal controls and considered them to have been implemented effectively.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group.

The statement of the external auditor of the Company, Messrs. BDO Limited, about their reporting responsibilities on the consolidated financial statements of the Group is set out under the heading "Independent Auditor's Report" in this report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITOR'S REMUNERATION

For the financial year ended 31 December 2011, the amounts paid to the external auditor of the Group in respect of the following services provided to the Group are set out below:

	2011
	US$'000
Audit services	
– Current year	**293**
– Under-provision for prior year	**110**
Reporting accountants	**82**

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to maintaining a continuing open dialogue with its Shareholders through a number of formal communication channels. These include the Annual Report and Accounts, Interim Report and Accounts, and press releases and announcements.

At the annual general meeting of the Company held on 24 May 2011, the Chairman of the Board as well as the Chairman of the Audit Committee were present to answer the Shareholders' questions. Separate resolutions were proposed at such general meetings for each substantial issue. Details of the poll voting procedures and the rights of the Shareholders to demand a poll together with details of the proposed resolutions were included in the circular despatched to Shareholders. At the annual general meeting held on 24 May 2011, all the resolutions were dealt with by poll and were duly passed by the Shareholders.

INDEPENDENT REVIEW OF INVESTMENT RISKS IN CAMBODIA

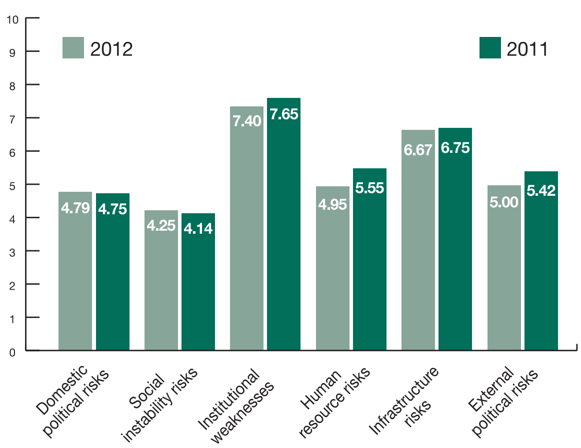
Political and Economic Risk Consultancy, Ltd. ("PERC")
20/F, Central Tower
28 Queen's Road, Central
Hong Kong

TO THE BOARD OF NAGACORP LTD.

We have assessed and reviewed the political, social, investment and macro-economic risks in Cambodia, particularly as they relate to NagaCorp's casino, hotel and entertainment business operations. In arriving at our findings below, we have taken into account, amongst others, domestic political risks, social instability risks, institutional weaknesses, human resource risks, infrastructure risks and external political risks.

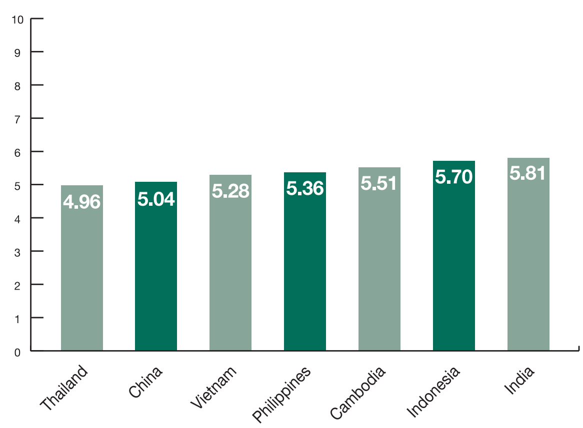
Based on the assessments and reviews carried out between early December 2011 and early January 2012, we summarised our findings below:

Perceptions of Cambodia's Business Environment Risks



Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

How Perceptions of Cambodian Socio-Political Risks Compare



Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

We quantify investment risks in Cambodia through the measure of the following variables:

- Domestic political risks
- Social instability risks
- Institutional weaknesses
- Human resource risks
- Infrastructure risks
- External political risks

Each of these variables is itself made up of a number of sub-variables relating to specific aspects of the category being assessed. The weighted sum of the grades for sub-variables equals the score of a broader variable, while the weighted sum of the grades of the broad variables defines overall investment risks in Cambodia. We have treated each variable as having equal importance or weight.

The maximum possible risk rating is 10 (the worst grade possible) while the minimum is 0 (the most favorable grade possible). In PERC's most recent risk survey, in which the overall risk rating was graded 5.51 (slightly better than one year ago). The country is making progress in strengthening its institutions and building new physical infrastructure. The quality of labor is improving and, more importantly, its relative cost competitiveness has improved, especially vis-à-vis China. This is stimulating the growth of foreign investment and exports, diversifying the economic base, while increasing the country's attractiveness as a destination for foreign tourists, particularly from other Asian countries.

External political risks have decreased. Cambodia enjoys strong and stable relations with China, Vietnam, the US and other major trading partners. Its border problems with Thailand have diminished compared with one year ago, while its relations with other ASEAN members are supporting Cambodia's development efforts.

With local elections scheduled for this year and national elections in 2013, there has been a small increase in domestic political and social disorder risks, which is normal during election years no matter what the country, but the trend toward smoother election campaign periods in Cambodia should continue. The system of democracy is young and still developing, but it has weathered its teething period and is proving its durability. More importantly, political predictability is high in terms of the ruling CPP's being able to win another clear majority in both local and national elections and the continuity of its policies. Risks of political shocks such as a coup or other form of disruptive political change are small.

Cambodia's economy is not immune to the economic problems of the euro-zone and the US, but its GDP growth should hold up better than in most other Asian countries in 2012 thanks to continuing strong foreign investment inflows and special treatment by major foreign markets that will help sustain export growth. There could be a slowdown in tourism growth due to weaker travel by Americans and Europeans, but the bulk of Cambodia's inbound tourists are not from these areas but from neighboring Asian countries, where the growth of tourism is likely to be much less affected by adverse global conditions.

POSITIVE DEVELOPMENTS

- Cambodia's domestic political situation remains stable. Local elections will be held in 2012 and national elections in 2013. The current government with Hun Sen as prime minister and the Cambodian People's Party as the dominant political party will be returned to power by a large majority of the vote. Risks of a coup are small and diminishing.
- The government's policies are consistent and, therefore, predictable. They promote an economy led by the private sector and an open door to foreign investment in most industries. The emphasis is to keep strengthening the three core sectors, namely, rice farming, garment manufacturing, and tourism, while also expanding the base of the manufacturing, agriculture and services sectors so Cambodia has a wider range of industries on which to rely for growth.

- Even if the global economy slows in 2012, Cambodia will continue to enjoy one of the highest growth rates in Asia (6%-7% in real terms), supported by a further shift of manufacturing investment from China, preferential tariff treatment by the EU and other major trading partners, and the continued strong growth of foreign visitors from countries like Vietnam and China that will be less affected by the economic slowdown that will hit the US and the EU.
- The growth and diversification of the economy have reduced the country's reliance on foreign aid. Although donor countries remain committed to the Kingdom and sustaining or raising their loans and aid, a growing share of investments is being financed domestically and with foreign private direct investment.
- The country continues to enjoy greater exchange rate stability than any other ASEAN country.

THE CHALLENGES

- The biggest infrastructure challenge Cambodia faces going into 2012 and 2013 will be the high cost of electric power. The country is increasing its power generation capacity rapidly and the supply of electricity is much more reliable than it used to be. These improvements will continue, with new hydroelectric plants being completed. But the continuing high cost of electricity is hurting the country's competitiveness by undermining other advantages like the low cost of labor.
- The biggest human resource challenge involves weaknesses in the education system. The strong growth of foreign direct investment is increasing demand for labor with a wider range and more sophisticated skills, but the educational system is not being expanded and improved fast enough to meet fully this new demand.
- The country's institutional capacity, although improving, remains weak and uneven. This adds to business costs, hurts the quality of governance, increases inefficiency, and makes it difficult to deal with problems like corruption.
- Closely related to the problem of weak institutions is the large and inefficient bureaucracy. Many regulations are unclear and excessive. The result is not only bureaucratic inertia, but also increased costs and time delays for business that ultimately are hurting the economy.
- Overcoming the destruction of the Khmer Rouge years remains a challenge. In particular, land-ownership records were destroyed during this period, leaving a situation where disputes involving who has the right to occupy and develop land are straining the country's court system and becoming a source of friction and an issue motivating demonstrations.

Robert Broadfoot
Managing Director
PERC
Hong Kong, 16 January 2012

Robert Broadfoot researched and wrote the report on the review on investment risks in Cambodia. Mr. Broadfoot is the founder and Managing Director of Political & Economic Risk Consultancy, Ltd. (PERC). Established in 1976, PERC is headquartered in Hong Kong and engaged principally in the monitoring and auditing of country risks in Asia. From this base, PERC manages a team of researchers and analysts in the ASEAN countries, the Greater China region and South Korea. Corporations and financial institutions worldwide use PERC's services to assess key trends and critical issues shaping the region, to identify growth opportunities, and to develop effective strategies for capitalizing on these opportunities.

PERC helps companies understand how politics and other subjective variables are shaping the business environment. Such variables may be difficult to quantify, but nevertheless can have a critical impact on investment performance and therefore have to be factored into the decision-making process, which is the function of PERC's services. PERC's value lies in the organization's experience, its Asian network of seasoned analysts, its emphasis on primary research, its complete independence from any vested interest groups, its pioneering work in the technical aspects of country risk research, its discretion, and its integrated, regional approach to analysis.

INDEPENDENT REVIEW OF ANTI-MONEY LAUNDERING INTERNAL CONTROLS AT NAGACORP LTD.

Hill & Associates Ltd.,
1701-08 Tower Two,
Times Square,
1 Matheson Street,
Causeway Bay,
Hong Kong

TO THE BOARD OF NAGACORP LTD

We have conducted two independent reviews of the internal controls of NagaCorp Ltd. ("NagaCorp") with a focus on anti-money laundering ("AML") controls during the year 2011. The reviews were conducted in September 2011 and January 2012.

The reviews focused on internal compliance with Financial Action Task Force ("FATF") recommendations. In addition, during the recent review, Hill & Associates made contact with a number of independent sources within Cambodia, previously consulted during our regular reviews. The contacts confirmed that controls and enforcement within Cambodia were developing positively and that NagaCorp remained at the fore of this development as a supportive and proactive partner of the government. In particular, the independent sources remarked positively on the continued development of the Financial Investigation Unit at the National Bank of Cambodia and also on Cambodia's active participation in the Association of Southeast Asian Nations ("ASEAN") of which Cambodia is currently the rotating Chair.

Neither FATF nor APG have made any negative assessment of Cambodia's controls with respect to their ongoing implementation and development in 2011 and Hill & Associates independent consultations with sources close to the regulatory bodies reveal that Cambodia's progress is viewed in a positive light.

Our review team noted the continued development of NagaCorp Limited as a resort destination and the expansion of gaming operations. Of particular note is the considerable reduction of senior staff turnover as retention of such staff enhances internal controls and leads to greater understanding of compliance requirements amongst all levels of staff.

As with last year's summary, H&A notes that the increased internal scrutiny applied by internal Audit was particularly beneficial to the enhancement of the application of AML controls. H&A operatives are of the belief that this scrutiny is of great importance to the compliance of NagaCorp with all relevant authorities as the business continues to grow. As part of our review processes, considerable interaction with Internal Audit took place and H&A auditors were able to review and assess the ongoing application of controls within NagaCorp. The review team is satisfied NagaCorp maintains full control of the gaming operations and these operations remain compliant with all relevant FATF recommendations.

The review team found NagaCorp to be in full compliance with all relevant FATF recommendations.

John Bruce
Director of Operations (Macau)
Hill & Associates Ltd

Hong Kong, 6 February 2012

Hill & Associates Ltd is an independent security and risk management consultancy with working knowledge of AML and Risk management.

By nourishing local values
we nourish success

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 31 December 2011.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 February 2003 and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business at NagaWorld Building, Samdech Hun Sen Park, Phnom Penh, Kingdom of Cambodia.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The principal activity of the Group is the operation of a hotel and entertainment complex, NagaWorld, in Cambodia. Other particulars of its subsidiaries are set out in note 17 to the consolidated financial statements. An analysis of the Group's performance for the year by business segment is set out in note 14 to the consolidated financial statements. As the Group's operations are in Phnom Penh, Cambodia, no geographical segment information is presented.

MAJOR JUNKET OPERATORS

The information in respect of the Group's revenue and cost of sales attributable to the major junket operators during the financial year is as follows:

	Percentage of the Group's total	
	Revenue	**Cost of sales**
The largest junket operator	7%	7%
Five largest junket operators in aggregate	24%	48%

To the best knowledge of the Directors, none of the Directors or their associates had any interest in the five largest junket operators for the financial year ended 31 December 2011.

RESULTS

The profit of the Group for the year ended 31 December 2011 are set out in the consolidated statement of income on page 57.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 108.

TRANSFER TO RESERVES

The profit attributable to equity Shareholders of the Company, before dividends, of US$92,030,000 (2010: US$44,061,000) have been transferred to the reserves. Other movements in reserves are set out in note 25 to the consolidated financial statements.

An interim dividend of US cents 1.54 per share (2010: US cents 0.71 per share) was declared in August 2011 and paid in December 2011. The Directors proposed the payment of a final dividend of US cents 1.55 per share (2010: US cents 0.77 per share) for the financial year ended 31 December 2011. The proposed final dividend together with the interim dividend represented a dividend payout ratio of approximately 70%.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company (the "Articles") and the laws of the Cayman Islands that oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to US$3,264,000 (2010: US$1,865,000), all of which were donated in Cambodia.

FIXED ASSETS

During the year, the Group acquired fixed assets of approximately US$43.7 million (2010: US$17.0 million). Details of these purchases and other movements in fixed assets are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity and note 25 to the consolidated financial statements.

REMUNERATION

In compliance with the Code as set out in Appendix 14 to the Listing Rules, the Company has a Remuneration Committee to formulate compensation policies and determine and manage the compensation of the Group's senior management.

REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors and of the Group's senior management are set out in note 9 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report were:

Chairman and Non-executive Director:

Timothy Patrick McNally [M]

Executive Directors:

Tan Sri Dr Chen Lip Keong [R/M/N]
(Chief Executive Officer)
Philip Lee Wai Tuck
(appointed Chief Financial Officer on 14 February 2011)
Chen Yepern [R/M/N]
(Appointed on 14 February 2011)

Non-executive Director:

Chen Yiy Fon [R/M/N]
(Resigned on 14 February 2011)

Independent Non-executive Directors:

Michael Lai Kai Jin [A/R/N/M]
(Re-designated on 6 April 2011)
Leow Ming Fong [R/N/M]
(Retired on 24 May 2011)
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir [A/R/N]
Lim Mun Kee [A/R/N]

A: Members of Audit Committee
R: Members of Remuneration Committee
N: Members of Nomination Committee
M: Members of Anti-Money Laundering Oversight Committee

In accordance with the Articles of the Company, Mr. Timothy Patrick McNally, Mr. Philip Lee Wai Tuck and Mr. Michael Lai Kai Jin shall retire from office by rotation at the forthcoming AGM. Mr. Timothy Patrick McNally, Mr. Philip Lee Wai Tuck and Mr. Michael Lai Kai Jin, being eligible, will offer themselves for re-election.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Directors who held office at 31 December 2011 had the following interests in the shares of the Company at that date as recorded in the register of directors' and chief executives' interests required to be kept under section 352 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)(the "SFO") or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules:

Interests in issued shares

Name of director	Capacity	Number of ordinary shares held	% of total issued ordinary shares
Tan Sri Dr Chen Lip Keong	Interest in control corporation- Cambodia Development Corporation ("CDC") *(Note 1)*	162,260,443 (L)	7.79(L)
Tan Sri Dr Chen Lip Keong	Beneficiary of a trust in declared by Fourth Star Finance Corp. *(Note 2)*	707,917,323 (L)	34.00 (L)
Tan Sri Dr Chen Lip Keong	Beneficial owner	385,617,532 (L)	18.52 (L)

Notes:

(1) Details of the interest in the Company held by CDC are set out in the section headed "Substantial Shareholders' and Other Person's Interests and Short Positions in Shares and Underlying Shares" below.

(2) Details of the interest in the Company held by Fourth Star Finance Corp. are set out in the section headed "Substantial Shareholder's and Other Person's Interests and Short Positions in Shares and Underlying Shares" below.

(3) The letter "L" denotes the entity's long position in the shares.

Save as disclosed above, as at 31 December 2011, none of the directors of the Company had any interests or short positions in the shares of the Company or any of its subsidiaries as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted upon the listing of the Company's shares on the Main Board of the Stock Exchange on 19 October 2006 (the "Share Option Scheme") whereby the directors are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up option to subscribe for shares of the Company. The purpose of the scheme is to attract and retain the best personnel and to provide additional incentives to employees and directors to promote the success of the Group.

The Company did not grant any share options during the year and there are no outstanding share options at the year end.

Apart from the foregoing and save as disclosed under the section "Connected Transactions" below, at no time during the year was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors or the chief executives of the Company are aware of, as at 31 December 2011, the Shareholders, other than the Directors or the chief executives of the Company, who had an interest or short positions in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 in Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Substantial shareholders	Capacity	Number of ordinary shares held	% of total issued ordinary shares
Cambodia Development Corporation *(Note 1)*	Beneficial owner	162,260,443(L)	7.79(L)
Fourth Star Finance Corp. *(Note 1 & 2)*	Trustee	707,917,323 (L)	34.00(L)
OSK Investment Bank (Labuan) Limited	Security Interest	236,956,383(L)	11.38(L)
Templeton Asset Management Ltd.	Investment Manager	123,600,364 (L)	5.94(L)

Notes:

(1) The beneficial owner of Cambodia Development Corporation and Fourth Star Finance Corp. is Tan Sri Dr Chen Lip Keong.

(2) Fourth Star Finance Corp. is the trustee of a trust to which Tan Sri Dr Chen Lip Keong is a beneficiary.

(3) The letter "L" denotes the entity's long position in the shares.

Save as disclosed above and so far as the Directors and the chief executives of the Company are aware of, as at 31 December 2011, no other party (other than the Directors or the chief executives of the Company) had an interest or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 in Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Other than as disclosed under the section "Connected Transactions" below, no contracts of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director had a material interest, subsisted at the end of the year or at any time during the year.

PROPERTIES

Particulars of the major properties and property interests of the Group are set out in note 15 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year there were no purchases, sales or redemptions by the Company, or any subsidiaries, of the listed securities of the Company.

CONNECTED TRANSACTIONS

During 2011, the Company entered into (or continued to be party to) certain transactions with First Travel & Tours (M) Sdn Bhd ("FTT"), Karambunai Resorts Sdn Bhd ("KRSB"), Karambunai Corp Bhd and One Travel and Tours Limited ("One Travel"). FTT and One Travel have been providing air ticketing and travel booking services to the Group, primarily in relation to travels between Cambodia and other parts of the South East Asia. KRSB has provided accommodation and facilities in Malaysia for the use of the Group. Tan Sri Dr Chen Lip Keong is a controlling shareholder of all four of these companies and therefore is considered a connected person.

Although these transactions were "connected transactions" as defined in the Listing Rules, all of them were either sharing of administrative services or de minimis transactions exempted under Rule 14A.33(3) of the Listing Rules from all reporting, announcement and independent shareholders' approval requirements.

On 13 June 2011, the Company entered into a conditional Share Purchase Agreement with Tan Sri Dr Chen Lip Keong, an Executive Director and Chief Executive Officer of the Company, and a Substantial Shareholder of the Company, to acquire TSC Inc., a company owned by Tan Sri Dr Chen Lip Keong and City Walk Inc., a wholly-owned subsidiary of TSC Inc. in order to expand NagaWorld to add further gaming and non-gaming space such as hotel, retail, entertainment and other related facilities for its guests and to complement the existing NagaWorld.

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.

The shares and/or convertible bonds themselves will not be issued until the respective completion applicable to each of the target companies. The deadline for the fulfillment of the conditions precedent in respect of the purchases of each target company is 12 June 2016.

MATERIAL RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken in the normal course of business by the Group are set out in note 30 to the consolidated financial statements. Those related party transactions which constituted connected transactions under Chapter 14A of the Listing Rules have complied with the disclosure requirements thereon.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout the year.

CHANGE IN INFORMATION OF DIRECTOR

The changes in information of the Directors are set out below:-

Date of Appointment	Name of Company	Directors appointed
7 September 2011	NagaJet Management Limited (Note 1)	Tan Sri Dr Chen Lip Keong Mr. Chen Yepern Mr. Philip Lee Wai Tuck
8 October 2011	NagaCorp (HK) Limited (Note 2)	Mr. Philip Lee Wai Tuck
8 October 2011	Naga Sports Limited (Note 1) Naga Travel Limited (Note 1) Naga Retail Limited (Note 1) Naga Entertainment Limited (Note 1) Naga Services Limited (Note 1) Naga Media Limited (Note 1) Naga Management Limited (Note 1)	Mr. Chen Yepern Mr. Philip Lee Wai Tuck
7 November 2011	Naga Management Services Limited (Note 1)	Mr. Philip Lee Wai Tuck
7 February 2012	Naga Management Services Limited (Note 1)	Tan Sri Dr Chen Lip Keong Mr. Chen Yepern

Notes:

1. NagaJet Management Limited, Naga Management Services Limited, Naga Sports Limited, Naga Travel Limited, Naga Retail Limited, Naga Entertainment Limited, Naga Services Limited, Naga Media Limited and Naga Management Limited are subsidiaries of NagaWorld Limited and NagaWorld Limited is a subsidiary of the Company.
2. NagaCorp (HK) Limited is a subsidiary of the Company.

Except as set out in this report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) to Listing Rules.

AUDITOR

BDO Limited acted as auditor of the Company and audited the Group's consolidated financial statements for the financial year ended 31 December 2011.

A resolution will be proposed at the forth coming annual general meeting of the Group to re-appoint the auditor, BDO Limited.

By order of the board

Timothy Patrick McNally
Chairman

Hong Kong, 22 February 2012

INDEPENDENT AUDITOR'S REPORT

To the shareholders of NagaCorp Ltd.

(Incorporated in the Cayman Islands with limited liability)

We have audited the accompanying consolidated financial statements of NagaCorp Ltd. (the "Company") and its subsidiaries (collectively the "Group") set out on pages 57 to 107, which comprise the consolidated and the company statements of financial position as at 31 December 2011, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with our terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2011, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Tony Yuk Tung Chan
Practising Certificate Number P04654

25th Floor, Wing On Centre,
111 Connaught Road Central,
Hong Kong

Hong Kong, 22 February 2012

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011 (Expressed in United States dollars)

	Note	2011 $'000	2010 $'000
Revenue	6	**223,781**	150,517
Cost of sales		**(60,024)**	(43,832)
Gross profit		**163,757**	106,685
Other income	7	**1,915**	4,442
Administrative expenses		**(31,809)**	(30,957)
Other operating expenses		**(37,854)**	(32,232)
Profit before taxation	8	**96,009**	47,938
Income tax	10	**(3,979)**	(3,877)
Profit attributable to owners of the Company	11	**92,030**	44,061
Earnings per share (US cents)	13	**4.42**	2.12

The notes on page 65 to 107 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011 (Expressed in United States dollars)

	2011	2010
	$'000	$'000
Profit for the year	**92,030**	44,061
Other comprehensive income for the year		
Exchange adjustments	**3**	(17)
Total comprehensive income attributable to owners of the Company for the year	**92,033**	44,044

The notes on pages 65 to 107 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011 (Expressed in United States dollars)

	Note	2011 $'000	2010 $'000
Non-current assets			
Property, plant and equipment	15(a)	**187,084**	155,767
Interest in leasehold land held for own use under operating lease	15(a)	**632**	639
Intangible assets	16	**83,936**	87,483
Trade receivables	18	**—**	3,431
Deposit payments for purchase of raw materials	20	**4,408**	—
		276,060	247,320
Current assets			
Consumables	19	**1,242**	571
Trade and other receivables	18	**24,391**	24,936
Deposit payments for purchase of raw materials	20	**5,150**	5,737
Fixed deposits at bank	21	**35,500**	21,100
Cash and cash equivalents		**29,264**	22,852
		95,547	75,196
Current liabilities			
Trade and other payables	23	**18,794**	13,825
Current tax liability		**332**	—
Obligations under finance leases	24	**3**	1
		19,129	13,826
Net current assets		**76,418**	61,370
Total assets less current liabilities		**352,478**	308,690
Non-current liabilities			
Obligations under finance leases	24	**—**	3
NET ASSETS		**352,478**	308,687

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2011 (Expressed in United States dollars)

	Note	2011 $'000	2010 $'000
CAPITAL AND RESERVES	25		
Share capital		**26,026**	26,026
Reserves		**326,452**	282,661
TOTAL EQUITY		**352,478**	308,687

Approved and authorised for issue by the Board on 22 February 2012

Timothy Patrick McNally
Chairman

Tan Sri Dr Chen Lip Keong
Chief Executiue Officer

The notes on pages 65 to 107 form part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011 (Expressed in United States dollars)

	Note	2011 $'000	2010 $'000
Non-current assets			
Property, plant and equipment	15(b)	**189**	238
Investments in subsidiaries	17	**15,500**	15,500
		15,689	15,738
Current assets			
Trade and other receivables	18	**194,364**	194,416
Cash and cash equivalents		**18**	18
		194,382	194,434
Current liabilities			
Trade and other payables	23	**11,998**	9,152
		11,998	9,152
Net current assets		**182,384**	185,282
NET ASSETS		**198,073**	201,020
CAPITAL AND RESERVES	25		
Share capital		**26,026**	26,026
Reserves		**172,047**	174,994
TOTAL EQUITY		**198,073**	201,020

Approved and authorised for issue by the Board on 22 February 2012

Timothy Patrick McNally

Chairman

Tan Sri Dr Chen Lip Keong

Chief Executiue Officer

The notes on pages 65 to 107 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011 (Expressed in United States dollars)

	Note	Share capital $'000	Share premium $'000	Merger reserve $'000	Capital contribution reserve $'000	Exchange reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January 2010		26,026	135,498	(12,812)	55,568	79	83,389	287,748
Changes in equity during the year 2010								
Profit for the year		—	—	—	—	—	44,061	44,061
Other comprehensive income		—	—	—	—	(17)	—	(17)
Total comprehensive income for the year		—	—	—	—	(17)	44,061	44,044
Dividend declared and paid		—	—	—	—	—	(23,105)	(23,105)
		—	—	—	—	(17)	20,956	20,939
Balance at 31 December 2010 and 1 January 2011		**26,026**	**135,498**	**(12,812)**	**55,568**	**62**	**104,345**	**308,687**
Changes in equity during the year 2011								
Profit for the year		—	—	—	—	—	92,030	92,030
Other comprehensive income		—	—	—	—	3	—	3
Total comprehensive income for the year		—	—	—	—	3	92,030	92,033
Dividend declared and paid	12	—	—	—	—	—	(48,242)	(48,242)
		—	—	—	—	3	43,788	43,791
Balance at 31 December 2011		**26,026**	**135,498**	**(12,812)**	**55,568**	**65**	**148,133**	**352,478**

The notes on pages 65 to 107 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011 (Expressed in United States dollars)

	2011 $'000	2010 $'000
Operating activities		
Profit before taxation	**96,009**	47,938
Adjustments for:		
– Depreciation and amortisation	**12,225**	10,422
– Amortisation of casino licence premium	**3,547**	3,547
– Interest income	**(1,712)**	(660)
– Exchange loss, net	**49**	144
– Impairment loss on trade receivables	**279**	7,219
– Loss on disposal of property, plant and equipment	**5**	27
– Write-off of property, plant and equipment	**153**	196
– Reversal of provision for litigation	**—**	(2,096)
– Reversal of unredeemed chips-Poibos	**—**	(940)
– Write-back of trade payables	**—**	(318)
Operating profit before changes in working capital	**110,555**	65,479
Increase in consumables	**(671)**	(290)
Decrease in trade and other receivables	**3,694**	15,586
Increase in trade and other payables	**2,904**	1,165
Cash generated from operations	**116,482**	81,940
Tax paid	**(3,647)**	(4,117)
Net cash generated from operating activities	**112,835**	77,823
Investing activities		
Interest received	**1,712**	660
Payment for the purchase of property, plant and equipment and for the construction cost of property	**(45,495)**	(23,500)
Proceeds from disposal of property, plant and equipment	**3**	6
Addition of fixed deposits at bank	**(14,400)**	(17,100)
Net cash used in investing activities	**(58,180)**	(39,934)
Financing activities		
Dividend paid	**(48,242)**	(30,022)
Repayment of finance leases	**(1)**	(2)
Net cash used in financing activities	**(48,243)**	(30,024)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2011 (Expressed in United States dollars)

	2011 $'000	2010 $'000
Net increase in cash and cash equivalents	**6,412**	7,865
Cash and cash equivalents at beginning of year	**22,852**	14,987
Cash and cash equivalents at end of year	**29,264**	22,852
Analysis of cash and cash equivalents		
– Cash and bank balances	**29,264**	22,852

The notes on pages 65 to 107 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in United States dollars)

1 GENERAL

The Company is a company incorporated in the Cayman Islands and has its principal place of business at NagaWorld, Samdech Hun Sen Park, Phnom Penh, Kingdom of Cambodia. Its shares are listed on the Main Board of the Stock Exchange.

The Company is engaged in investment holding while the Group is engaged principally in the management and operation of a hotel and casino complex known as NagaWorld in Phnom Penh, the capital city of Cambodia.

2 ADOPTION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Impact of new amendments and interpretations which are effective during the year

In the current year, the Group has applied, for the first time, the following amendments, revised standards and new interpretations issued by the International Accounting Standards Board (the "IASB"), that are effective for the current accounting period of the Group and of the Company.

IFRSs (Amendments)	Improvement to IFRSs 2010
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRIC-Interpretation 14	Prepayments of a Minimum Funding Requirement
IFRIC-Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IAS 24 (Revised)	Related Party Disclosures

The adoption of new / revised standards and interpretations has no significant impact on the Group's financial statements.

The Group has not applied any amendments, new or revised standards or interpretations that are issued but not yet effective for the current accounting period (note 32).

However, the Directors anticipate that the application will have no material impact on the consolidated financial statements.

3 BASIS OF PREPARATION

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 IASB. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance.

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

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

3 BASIS OF PREPARATION (CONT'D)

The estimates and underlying assumptions are reviewed on an ongoing 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 areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 33.

The consolidated financial statements are presented in United States dollars, which is the functional currency of the Company.

4 PRINCIPAL ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Business combination and basis of consolidation (cont'd)

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied IFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment

(i) Owned assets

The following items of property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 4(h)).

- buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 4(p)); and

- other items of property, plant and equipment.

Capital work-in-progress is stated at specifically identified cost, including aggregate cost of development, materials and supplies, wages and other direct expenses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged as expenses in profit or loss during the financial period in which they are incurred.

(ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	50 years
Renovations,	
furniture and fittings	5-10 years
Motor vehicles	5 years
Plant and equipment	5-10 years

No depreciation is provided for capital work-in-progress.

(c) Intangible assets

Acquired intangible assets-Casino licence premium

The premium paid for the licence, and related exclusivity periods, to operate the casino in Phnom Penh is stated at cost less accumulated amortisation and impairment losses (see note 4(h)).

Amortisation is charged to profit or loss on a straight-line basis over the period of exclusivity of the licence.

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (see note 4(h)).

4 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Consumables

Consumables comprising food and beverage, diesel and sundry store items are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition. Cost is determined principally on a weighted average basis. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(e) Financial assets

The Group classifies its financial assets as trade and other receivables, which are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Trade and other receivables (including amounts due from subsidiaries) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(i) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– granting concession to a debtor because of debtors' financial difficulty; or

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. Where any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(e) Financial assets (cont'd)

(ii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

(f) Trade and other payables

Trade and other payables (including amounts due to subsidiaries and related parties) are initially recognised at fair value net of directly attributable transaction costs incurred, and thereafter stated at amortised cost using the effective interest method. The related interest expense is recognised within "finance costs" in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(ii) Derecognition

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(g) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at their present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(h) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets; and
- investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

4 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Income tax (cont'd)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The income tax in respect of the gaming and hotel operations of the Company's subsidiary, NWL, represents obligation payments ("Obligation Payments") (refer to note 10(a)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(k) Commissions and incentives

Commissions and incentive expenses represent amounts paid and payable to operators, and are included in cost of sales when incurred by the Group.

(l) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement scheme

Salaries, annual bonuses, paid annual leave, contributions to 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.

(ii) Share based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice models, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/ credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

4 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(m) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at exchange rates ruling at the end of the reporting period. Foreign currency transactions during the year are translated into United States dollars at the exchange rates ruling at the transaction dates. The results of foreign entities are translated into United States dollars at the average exchange rates for the year; items in the statement of financial position are translated into United States dollars at the rates of exchange ruling at the end of the reporting period. The resulting exchange differences are dealt with as other comprehensive income. All other translation differences are included in profit or loss.

The functional currency of the group entities has been determined as United States dollars rather than Cambodian Riel, the domiciled currency in the relation to the Group's operations, on the basis that the gaming and other operation transactions are undertaken in United States dollars.

(n) Dividends

Interim dividends are recognised as a liability in the period in which they are declared and final dividends are recognised as a liability when shareholders' approval has been obtained.

(o) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

4 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(o) Related parties (cont'd)

(b) (cont'd)

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(p) Leased assets

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being under finance leases. All other leases are classified as operating leases.

(i) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present values of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets in equal annual amounts over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 4(b)(ii). Impairment losses are accounted for in accordance with the accounting policy as set out in note 4(h). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

4 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(p) Leased assets (cont'd)

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Prepaid land lease

Interest in leasehold land held for own use under operating lease is amortised in equal instalments over the period of the respective leases.

(q) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Casino revenue represents net house takings arising from casino operations and is recognised in profit or loss when the stakes are received by the casino and the amounts are paid out to the players.

(ii) Income from the provision and maintenance of gaming machine stations which comprises revenue in relation to profit sharing arrangements for the gaming machine operations where third parties provide and maintain the gaming machine stations is recognised in profit or loss in accordance with the substance of the relevant agreement when the right to receive such amounts is ascertained.

(iii) Income from restaurant represents revenue from the provision of food and beverages and is recognised when the service is provided.

(iv) Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant leases.

(v) Interest income is recognised as it accrues using the effective interest method.

5 CASINO LICENCE

Pursuant to the terms of the Sihanoukville Development Agreement ("SDA"), Supplemental Sihanoukville Development Agreement ("SSDA") and the Addendum Agreement, the terms of the casino licence were varied and the salient terms of the Casino Licence are as follows:

(a) Duration of licence

The Casino Licence is an irrevocable licence with a duration of 70 years from 2 January 1995. The SSDA also states that should the Cambodian Government, for any reason, terminate or revoke the licence at any time before its expiry, it will pay Ariston, a subsidiary of the Company, the amount of monies invested in the business as agreed investment cost and additional mutually agreed damages for the termination and/or revocation of the Casino Licence at any time before the expiry of the period.

5 CASINO LICENCE (CONT'D)

(b) Exclusivity

Ariston has the right of exclusivity in respect of 200 kilometres of Phnom Penh (except the Cambodia-Vietnam Border Area, Bokor, Kirirom Mountains and Sihanoukville) (the "Designated Area") for the period to the end of 2035. During this period, the Cambodian Government is prohibited from:

– authorising, licensing or approving the conduct of casino gaming within the Designated Area;

– entering into any written agreement with any party with respect to casino gaming within the Designated Area; and

– issuing or granting any other casino licence.

The SSDA also states that the Cambodia Government will pay Ariston mutually agreed damages if it terminates or revokes its exclusivity rights at any time prior to the expiry of the period.

(c) Casino complex

Ariston has the right to locate the casino at any premises or complex within the Designated Area and is entitled to operate such games and gaming machines at its own discretion without the need for any approval from the Cambodian Government. There are no restrictions relating to the operating hours of the casino.

6 REVENUE

Revenue represents net house takings arising from casino operations and income from other operations as follows:

	2011 $'000	2010 $'000
Casino operations	**142,762**	95,616
Income from gaming machine stations	**68,708**	44,888
Hotel room income, sales of food and beverages and others	**12,311**	10,013
	223,781	150,517

7 OTHER INCOME

	2011 $'000	2010 $'000
Interest income	**1,712**	660
Rental income	**152**	132
Reversal of provision for litigation	**—**	2,096
Reversal of unredeemed chips-Poibos	**—**	940
Write-back of trade payables	**—**	318
Others	**51**	296
	1,915	4,442

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2011 $'000	2010 $'000
(a) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	**22,026**	18,113
Contributions to defined contribution retirement scheme	**7**	6
Total staff costs	**22,033**	18,119
Average number of employees (Full-time equivalent)	**3,403**	3,270
(b) Other items:		
Auditor's remuneration		
-Current year	**375**	221
-Under-provision for prior year	**110**	105
Fuel expenses	**7,856**	6,275
Amortisation of casino licence premium charged to other operating expenses	**3,547**	3,547
Depreciation and amortisation	**12,225**	10,422
Impairment loss on trade receivables	**279**	7,219
Write-off of property, plant and equipment	**153**	196
Loss on disposal of property, plant and equipment	**5**	27
Operating lease charges for land lease rental	**187**	187
Operating lease charges for office and car park rental	**456**	457
Operating lease charges for hire of equipment	**1,877**	1,675
Exchange loss, net	**49**	144

9 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT REMUNERATION

(a) Directors' remuneration

The remuneration of the Company's directors is as follows:

	Annual performance bonus $'000	Fees $'000	Basic salaries, allowances and benefits-in-kind $'000	Retirement scheme contributions $'000	2011 Total $'000
Executive directors					
Tan Sri Dr Chen Lip Keong	—	—	530	—	530
Philip Lee Wai Tuck	—	—	372	—	372
Chen Yepern [(1)]	—	—	113	—	113
Non-executive directors					
Timothy Patrick McNally	—	236	—	—	236
Chen Yiy Fon [(2)]	—	—	9	—	9
Michael Lai Kai Jin [(3)]	—	6	—	—	6
Independent non-executive directors					
Michael Lai Kai Jin [(3)]	—	19	1	—	20
Jimmy Leow Ming Fong [(4)]	—	12	—	—	12
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	—	26	2	—	28
Lim Mun Kee	—	26	2	—	28
Total	—	325	1,029	—	1,354

9 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT REMUNERATION (CONT'D)

(a) Directors' remuneration (cont'd)

	Annual performance bonus	Fees	Basic salaries, allowances and benefits-in-kind	Retirement scheme contributions	2010 Total
	$'000	$'000	$'000	$'000	$'000
Executive directors					
Tan Sri Dr Chen Lip Keong	—	—	240	—	240
Philip Lee Wai Tuck	—	—	186	—	186
Monica Lam Yi Lin	—	—	26	1	27
Non-executive directors					
Timothy Patrick McNally	—	222	—	—	222
Chen Yiy Fon	—	—	68	—	68
Michael Lai Kai Jin	—	15	1	—	16
Independent non-executive directors					
Jimmy Leow Ming Fong	—	26	2	—	28
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	—	26	2	—	28
Lim Mun Kee	—	26	2	—	28
Total	—	315	527	1	843

Notes:

(1) Appointed as director on 14 February 2011

(2) Ceased to be a director on 14 February 2011

(3) Re-designated as independent non-executive director on 6 April 2011

(4) Ceased to be a director on 24 May 2011

There was no arrangement under which a director had waived or agreed to waive any remuneration during the current and prior years.

9 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT REMUNERATION (CONT'D)

(a) Directors' remuneration (cont'd)

Tan Sri Dr Chen Lip Keong is entitled to an annual performance bonus based on the Group's consolidated profit before taxation and before said annual performance bonus ("PBT") as reported in the consolidated financial statements which shall be paid within one month of the approval of the consolidated financial statements. The performance bonus is calculated in accordance with the following formula:

Less than $30 million PBT	:	$Nil performance bonus
Between $30 million to $40 million PBT	:	performance bonus of 2% of PBT
More than $40 million but up to and including $50 million	:	performance bonus of $0.8 million plus 3% of additional portion of PBT from $40,000,001 to $50,000,000
More than $50 million	:	performance bonus of $1.1 million plus 5% of additional portion of PBT from $50,000,001 onwards

Tan Sri Dr Chen Lip Keong has waived his right to the annual performance bonus for the year ended 31 December 2011 (2010: waived).

(b) Senior management remuneration

Of the five individuals with highest emoluments, two (2010: two) are directors whose emoluments are disclosed in note 9(a). The aggregate of the emoluments in respect of the remaining three individuals for the year ended 31 December 2011 (2010: three) are as follows:

	2011	2010
	$'000	$'000
Basic salaries, housing and other allowances and benefits-in-kind	**887**	1,022

The emoluments of the three individuals (2010: three) with the highest emoluments are within the following bands:

	2011 Number of Individuals	2010 Number of individuals
$Nil-$256,400 (approximately HK$ Nil- HK$2,000,000)	**—**	—
$256,401-$320,500 (approximately HK$2,000,001- HK$2,500,000)	**2**	2
$320,501-$384,600 (approximately HK$2,500,001- HK$3,000,000)	**1**	—
$384,601-$448,700 (approximately HK$3,000,001- HK$3,500,000)	**—**	—
$448,701-$512,800 (approximately HK$3,500,001- HK$4,000,000)	**—**	1
	3	3

10 INCOME TAX

Income tax in profit or loss represents:

	2011	2010
	$'000	$'000
Current tax expense		
– Current year	3,979	3,513
– Under-provision in prior year	—	364
	3,979	3,877

Reconciliation between tax expense and accounting profit at applicable tax rate:

	2011	2010
	$'000	$'000
Profit before taxation	96,009	47,938
Profits tax using Cambodian corporation tax rate of 20% (2010: 20%)	19,202	9,588
Tax exempt profits from Cambodian operations (note (a))	(19,202)	(9,588)
Obligation Payments (note (a))	3,979	3,513
Under-provision in prior year	—	364
	3,979	3,877

Notes:

(a) Income tax in profit or loss

Income tax represents monthly gaming Obligation Payment of $228,069 (2010: $202,728) and monthly non-gaming Obligation Payment of $103,500 (2010: $90,000) payable to the Ministry of Economy and Finance (the "MOEF") of Cambodia by NWL Gaming Branch, a branch registered in Cambodia. For the year ended 31 December 2010, income tax included an under provision for non-gaming Obligation Payment in prior year of $364,000.

(i) Casino tax and licence fees

As described in note 5, under the SDA and the SSDA dated 2 January 1995 and 2 February 2000 respectively, the Cambodian Government has granted a casino licence to a subsidiary, Ariston, which in turn assigned the rights to operate gaming activities in Cambodia to NWL.

Pursuant to the SDA, Ariston was granted certain tax incentives in respect of the casino operations which include a profits tax exemption for a period of eight years from commencement of business, and profits thereafter would be subject to a concessionary rate of profits tax of 9% as compared to the normal profits tax rate of 20%. Ariston, in turn, has assigned to NWL all the tax incentives that were granted to Ariston pursuant to the SDA and SSDA relating to the gaming operations. The assignment of these tax incentives was confirmed by the Senior Minister, Minister in charge of the Council of Ministers, in a letter dated 20 November 2000.

It was contemplated by the SSDA that the gaming business of NWL would be regulated by a Casino Law which may prescribe casino taxes and licence fees. However, no Casino Law in respect of casino taxes or licence fees has been promulgated to-date. NWL has obtained a legal opinion that no casino taxes and licence fees are payable until the relevant legislation is enacted.

In May 2000, the MOEF levied an Obligation Payment of $60,000 per month on NWL Gaming Branch payable from January 2000 to December 2003 in respect of the gaming activities. The MOEF has also confirmed that gaming taxes and licence fees are not payable in respect of periods prior to January 2000. NWL has also obtained a legal opinion confirming that the Obligation Payment is not payable prior to January 2000. Since December 2003, the MOEF has been revising the Obligation Payment every year, and for the year ended 31 December 2011, the Obligation Payments became $228,069 per month.

Such payments will be subject to an annual increase of 12.5% thereafter until the full completion of NagaWorld. On 24 December 2007, the MOEF revised the terms of the increase in Obligation Payment with NWL and agreed a 12.5% annual increase for a period of seven years to 2013.

In addition, the MOEF has levied a casino taxation certificate fee amounting to $30,000 per year payable from year 2004 onwards. However, the MOEF in their letter dated 12 November 2004 acknowledges that under the SDA and SSDA, the Casino Licence is valid for 70 years.

10 INCOME TAX (CONT'D)

Notes: (cont'd)

(a) Income tax in profit or loss (cont'd)

(i) Casino tax and licence fees (cont'd)

Monthly payments for the Obligation Payment are due on the first week of the following month. In the event of late payment within 7 days from the due date, there will be a penalty of 2% on the late payment and interest 2% per month. In addition, after 15 days when official government notice is issued to NWL for the late payment an additional penalty of 25% will be imposed.

On 16 November 2006, NWL received a letter from the MOEF clarifying the terms of payment of the gaming Obligation Payment to the Cambodian Government. In respect of gaming tax, NWL Gaming Branch shall continue to pay its Obligation Payment, which is subject to an annual increase of 12.5% for a period of seven years until year 2013 which, the MOEF mentions, is a period for NWL to complete the construction of its casino and other associated activities. From year 2014 onwards, the gaming Obligation Payment shall be reviewed on the basis of the "actual position" of NWL.

On 23 September 2008, NWL received a letter from the MOEF regarding the extension of the terms of payment of the gaming Obligation Payment. In respect of gaming tax, NWL Gaming Branch was granted the extension for an additional period of five years up until 2018, the payment of which was subject to annual increase of 12.5% per annum.

(ii) Corporate and other taxes on gaming activities

Current tax expense represents Obligation Payments for NWL Gaming Branch and NWL Hotel and Entertainment Branch, another branch registered in Cambodia by NWL.

NWL Gaming Branch enjoys certain tax incentives relating to gaming activities which were granted by the Cambodian Government as stipulated in the SDA and SSDA, including exemption from corporate tax for eight years. Further tax incentives and extension of the corporate tax exemption period to December 2004 were granted to NWL, as set out in the letters from the MOEF dated 10 May 2000, 15 September 2000 and 30 November 2000. Tax incentives granted to NWL up to December 2005 include exemptions from all categories of taxes in respect of gaming activities including advance profits tax, dividend withholding tax, minimum profits tax, value-added tax and revenue tax, and exemptions from unpaid fringe benefits tax and withholding tax prior to 31 December 1999.

NWL has further obtained a clarification letter from the MOEF dated 24 February 2003 confirming exemption from salary tax for its gaming employees prior to January 2000.

As explained in note 10(a)(i) above in respect of gaming activities, NWL has to pay the Obligation Payment. The MOEF confirmed, in a letter to NWL dated 15 September 2000, to clarify that the Obligation Payment is a fixed gaming tax and with the payment of this fixed gaming tax, NWL will be exempted from all category of taxes on gaming activities including advance profits tax, minimum tax and advance tax on distribution of dividends. NWL, however, is obliged to pay taxes on other non-gaming services and activities payable under the Law of Taxation (the "LoT") of Cambodia.

Furthermore, the Senior Minister of the Council of Ministers of the MOEF in a circular to all casinos dated 7 December 2000 clarified that with the payment of the Obligation Payment on gaming activities, NWL will be exempted from the profits tax, minimum tax, advance tax on dividend distribution and value-added tax.

A legal opinion has also been obtained confirming that NWL will be exempt from the aforementioned taxes subject to the Obligation Payments being made.

With the imposition of the Obligation Payment or fixed gaming tax currently imposed, no Casino Law in respect of casino taxes and licence fees have been promulgated, and together with the tax incentives mentioned in the SDA and SSDA that NWL would enjoy a concessionary rate of profits tax of 9% after the tax exemption period has expired, it is uncertain what applicable rate of tax will be imposed on the profits of NWL from gaming activities in the future when the Casino Law is eventually promulgated.

In July 2002, the MOEF imposed a non-gaming Obligation Payment on NWL in respect of tax on non-gaming activities of a fixed sum of $30,500 per month for the six months ended 31 December 2002. Subject to annual revision, the MOEF revised the non-gaming obligation payment to $103,500 per month for the year ended 31 December 2011. The monthly rate of non-gaming Obligation Payment will be reviewed annually.

The above non-gaming Obligation Payment is considered as a composite of various other taxes such as salary tax, fringe benefit tax, withholding tax, value-added tax, patent tax, tax on rental of moveable and unmoveable assets, minimum tax, advance profit tax, advertising tax and specific tax on entertainment services which are included in administrative expenses in profit or loss. The non-gaming Obligation Payment is due to be paid monthly and in the event of default in payment, the penalties and interest imposed are similar to those applicable to the gaming Obligation Payment as stated in note 10(a)(i) above.

(iii) Other jurisdictions

The Group is not subject to Hong Kong, Malaysian or Cayman Islands income taxes for the current and prior years.

(b) Taxes on other businesses

Profits from NWL's operations in Cambodia, other than NWL Gaming Branch and NWL Hotel and Entertainment Branch, are subject to normal profits tax of 20%. Revenue from other operations of NWL in Cambodia is subject to value-added tax of 10%.

(c) Amendment to the Law on Investment and Law of Taxation

Certain amendments to the existing Law on Investment ("LoI") and LoT of Cambodia were promulgated in March 2003.

Under the amendments made to the LoI, profits tax exemption would be preserved for the term granted under the original investment incentives, and the concessionary 9% profits tax rate will be restricted to five years from the expiry of the tax exemption period and thereafter profits would be subject to the normal tax rate of 20%.

Under the previous LoT, dividends can be distributed to shareholders without further withholding taxes. For entities that enjoy profits tax exemption or a concessionary profits tax rate of 9%, the amendments to the LoT will impose an additional tax that effectively increases the profits tax rate to 20%, upon the distribution of dividends. In addition, under the amendments made to the LoT, distribution of dividends to non-residents will be subject to a withholding tax on the distribution net of 20% tax at a rate of 14%, resulting in a net distribution tax of 31.2%.

As explained above, the Casino Law in respect of casino taxes and licence fees is yet to be promulgated. NWL has written a letter to the MOEF to clarify whether the amendments of the LoI and LoT will apply to their gaming business and has received a reply dated 9 June 2003 that the amendments of the LoI and LoT do not apply to casinos as they will be regulated by the Casino Administration Law which is yet to be enacted. However, the amendments to the LoI and LoT will apply to NWL Hotel and Entertainment Branch.

(d) Deferred taxation

No provision for deferred taxation has been recognised as there is no significant temporary difference at the end of the reporting period.

11 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a profit of $45,295,000 (2010: $20,985,000) which has been dealt with in the financial statements of the Company.

12 DIVIDENDS PAYABLE TO OWNERS OF THE COMPANY ATTRIBUTABLE TO THE YEAR

	2011	2010
	$'000	$'000
Interim dividend declared during the year:		
2011: US cents 1.54 per ordinary share	**32,141**	—
2010: US cents 0.71 per ordinary share	**—**	14,742
Final dividend proposed after the end of reporting period:		
2011: US cents 1.55 per ordinary share	**32,280**	—
2010: US cents 0.77 per ordinary share	**—**	16,101
	64,421	30,843

The interim dividend of $32,141,000 for the year ended 31 December 2011 was declared in August 2011 and paid in December 2011.

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of $92,030,000 (2010: $44,061,000) and the weighted average number of 2,082,078,875 (2010: 2,082,078,875) ordinary shares in issue during the year.

There were no dilutive potential ordinary shares in existence during the years ended 31 December 2011 and 31 December 2010.

14 SEGMENT INFORMATION

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

– Casino operations: this segment comprises all gaming activities at NagaWorld.

– Hotel and entertainment operations: this segment comprises the operations of leisure, hotel and entertainment activities.

14 SEGMENT INFORMATION (CONT'D)

(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 $'000	Hotel and entertainment operations $'000	Total $'000
Segment revenue:			
Year ended 31 December 2010			
Revenue from external customers	140,504	10,013	150,517
Inter-segment revenue	—	23,602	23,602
Reportable segment revenue	140,504	33,615	174,119
Year ended 31 December 2011			
Revenue from external customers	**211,470**	**12,311**	**223,781**
Inter-segment revenue	**—**	**31,668**	**31,668**
Reportable segment revenue	**211,470**	**43,979**	**255,449**
Segment profit:			
Year ended 31 December			
2010	51,765	12,588	64,353
2011	**100,631**	**14,559**	**115,190**
Segment assets:			
As at 31 December			
2010	332,121	157,019	489,140
2011	**372,702**	**192,766**	**565,468**

14 SEGMENT INFORMATION (CONT'D)

(a) Segment results, assets and liabilities (cont'd)

	Casino operations $'000	Hotel and entertainment operations $'000	Total $'000
Segment liabilities:			
As at 31 December			
2010	(13,131)	(167,555)	(180,686)
2011	**(13,091)**	**(199,573)**	**(212,664)**
Net assets/(liabilities):			
As at 31 December			
2010	318,990	(10,536)	308,454
2011	**359,611**	**(6,807)**	**352,804**
Other segment information			
Capital expenditure:			
Year ended 31 December			
2010	263	16,734	16,997
2011	**1,930**	**41,762**	**43,692**
Income tax expense			
Year ended 31 December			
2010	3,877	—	3,877
2011	**3,979**	**—**	**3,979**
Impairment loss on trade receivables			
Year ended 31 December			
2010	7,219	—	7,219
2011	**279**	**—**	**279**

14 SEGMENT INFORMATION (CONT'D)

(a) Segment results, assets and liabilities (cont'd)

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:

	2011 **$'000**	2010 $'000
Revenue		
Reportable segment revenue	**255,449**	174,119
Elimination of inter-segment revenue	**(31,668)**	(23,602)
Consolidated revenue	**223,781**	150,517
Profit		
Reportable segment profit	**115,190**	64,353
Depreciation and amortisation		
-reportable segment	**(15,721)**	(13,910)
-unallocated	**(51)**	(59)
Unallocated head office and corporate expenses	**(3,409)**	(2,446)
Consolidated profit before taxation	**96,009**	47,938
Assets		
Reportable segment assets	**565,468**	489,140
Elimination of inter-segment assets	**(195,608)**	(168,180)
	369,860	320,960
Unallocated corporate assets	**1,747**	1,556
Consolidated total assets	**371,607**	322,516
Liabilities		
Reportable segment liabilities	**(212,664)**	(180,686)
Elimination of inter-segment payables	**195,608**	168,180
	(17,056)	(12,506)
Unallocated corporate liabilities	**(2,073)**	(1,323)
Consolidated total liabilities	**(19,129)**	(13,829)

(b) Geographical information

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

15 PROPERTY, PLANT AND EQUIPMENT, AND INTEREST IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASE

(a) The Group

	Plant and equipment $'000	Buildings $'000	Capital work-in-progress $'000 (note (i))	Renovations, furniture and fittings $'000	Motor vehicles $'000	Total property, plant and equipment $'000	Interest in leasehold land held for own use under operating lease $'000 (note (ii))
Cost:							
At 1 January 2010	18,551	50,885	33,125	60,684	1,706	164,951	751
Additions	679	—	16,287	33	—	16,999	—
Disposal	(59)	—	—	(16)	(29)	(104)	—
Written off	(955)	—	—	(355)	—	(1,310)	—
Transfer	119	2,079	(16,104)	13,906	—	—	—
Exchange adjustments	1	—	—	—	2	3	—
At 31 December 2010	18,336	52,964	33,308	74,252	1,679	180,539	751
At 1 January 2011	**18,336**	**52,964**	**33,308**	**74,252**	**1,679**	**180,539**	**751**
Additions	**3,568**	**—**	**39,900**	**75**	**150**	**43,693**	**—**
Disposal	**(64)**	**—**	**—**	**—**	**—**	**(64)**	**—**
Written off	**(1,008)**	**—**	**(64)**	**(192)**	**(6)**	**(1,270)**	**—**
Transfer	**—**	**—**	**(30,171)**	**30,171**	**—**	**—**	**—**
Exchange adjustments	**—**	**—**	**—**	**—**	**(1)**	**(1)**	**—**
At 31 December 2011	**20,832**	**52,964**	**42,973**	**104,306**	**1,822**	**222,897**	**751**

15 PROPERTY, PLANT AND EQUIPMENT, AND INTEREST IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASE (CONT'D)

(a) The Group (cont'd)

	Plant and equipment $'000	Buildings $'000	Capital work-in-progress $'000 (note (i))	Renovations, furniture and fittings $'000	Motor vehicles $'000	Total property, plant and equipment $'000	Interest in leasehold land held for own use under operating lease $'000 (note (ii))
Accumulated depreciation/ amortisation:							
At 1 January 2010	6,376	2,044	—	6,276	845	15,541	104
Charge for the year	2,115	1,021	—	6,964	314	10,414	8
Disposal	(28)	—	—	(14)	(29)	(71)	—
Written off	(939)	—	—	(175)	—	(1,114)	—
Exchange adjustments	—	—	—	—	2	2	—
At 31 December 2010	7,524	3,065	—	13,051	1,132	24,772	112
At 1 January 2011	7,524	3,065	—	13,051	1,132	24,772	112
Charge for the year	2,324	1,059	—	8,506	328	12,217	8
Disposal	(56)	—	—	—	—	(56)	—
Written off	(998)	—	—	(114)	(5)	(1,117)	—
Exchange adjustments	(2)	—	—	—	(1)	(3)	(1)
At 31 December 2011	8,792	4,124	—	21,443	1,454	35,813	119
Net book value (note(iii)):							
At 31 December 2011	12,040	48,840	42,973	82,863	368	187,084	632
At 31 December 2010	10,812	49,899	33,308	61,201	547	155,767	639

15 PROPERTY, PLANT AND EQUIPMENT, AND INTEREST IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASE (CONT'D)

(a) The Group (cont'd)

Notes:

(i) Capital work-in-progress at net book value relates to the following assets under construction.

	2011	2010
	$'000	$'000
Hotel and casino complex, Cambodia	**42,973**	33,308

Capital work-in-progress is incurred on the hotel and casino complex in Cambodia known as NagaWorld which is constructed on land held under a lease expiring on 31 July 2066. The premium paid to obtain the lease of $751,000 is included within interest in leasehold land held for own use under operating lease at its amortised cost.

(ii) Interest in leasehold land held for own use under operating lease is located as follows:

	2011	2010
	$'000	$'000
Cambodia	**632**	639

In addition to the prepaid lease payments to acquire the interest in the leasehold land held for own use under operating lease, the Group was obliged to pay the annual operating lease charge of approximately $187,000 (2010: $187,000), subject to increment for every 10 years, as shown in notes 5 and 26 to the consolidated financial statements.

The land has a remaining leasehold period expiring on 31 July 2066. The lease is undertaken between NWL and the Municipality of Phnom Penh, Cambodia.

(iii) The net book value of assets held under finance leases of the Group was nil (2010: $1,000), and depreciation of $1,000 (2010: $4,000) was charged during the year.

15 PROPERTY, PLANT AND EQUIPMENT, AND INTEREST IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASE (CONT'D)

(b) The Company

	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost:			
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011	374	60	434
Accumulated depreciation:			
At 1 January 2010	112	33	145
Charge for the year	39	12	51
At 31 December 2010	151	45	196
At 1 January 2011	151	45	196
Charge for the year	37	12	49
At 31 December 2011	188	57	245
Net book value:			
At 31 December 2011	186	3	189
At 31 December 2010	223	15	238

16 INTANGIBLE ASSETS

	The Group	
	2011	2010
	$'000	$'000
Casino licence premium and extended exclusivity premium:		
Cost:		
At 1 January and 31 December	**108,000**	108,000
Accumulated amortisation:		
At 1 January	**20,517**	16,970
Charge for year	**3,547**	3,547
At 31 December	**24,064**	20,517
Net book value	**83,936**	87,483

On 12 August 2005, Ariston, a subsidiary of the Company, and the Cambodian Government entered into an Addendum Agreement which extended the exclusivity period of the Casino Licence within 200 kilometres of Phnom Penh (except the Cambodia-Vietnam Border Area, Bokor, Kirirom Mountains and Sihanoukville) (the "Designated Area") for the period to the end of 2035 in consideration for the surrender by Ariston of the rights and concessions granted under the SDA signed on 2 January 1995 and SSDA signed on 2 February 2000, both between Ariston and the Cambodian Government (except for the right to operate the casino within the Designated Area) including, but not limited to, the rights granted in respect of the development in O'Chhoue Teal, Naga Island and Sihanoukville International Airport (the "Assigned Assets"). The Assigned Assets had previously been assigned to Ariston Holdings Sdn. Bhd., a related company that is beneficially owned by the ultimate controlling shareholder of the Company, Tan Sri Dr Chen Lip Keong, on 30 August 2002. In order to fulfill its obligations under the Addendum Agreement, Ariston proposed to enter into an agreement with Ariston Holdings Sdn. Bhd., pursuant to which Ariston Holdings Sdn. Bhd. would surrender all rights, title, benefits and interests in and to the Assigned Assets to the Cambodian Government with an effective date of 12 August 2005 in consideration for $105 million.

The $105 million liability in respect of the extended exclusivity period has been settled as follows:

– On 11 May 2006, the Company issued 202,332,411 ordinary shares of $0.0125 each to Tan Sri Dr Chen Lip Keong pursuant to an agreement with, amongst others, Ariston and Ariston Holdings Sdn. Bhd. The fair value of the 202,332,411 ordinary shares was $50 million of which $2,529,155 was the par value of the ordinary shares issued and $47,470,845 was the premium on the issue of the ordinary shares; and

– On 16 August 2006, the remaining $55 million due to Ariston Holdings Sdn. Bhd. was settled by way of a capital contribution of $55 million by the ultimate controlling shareholder of the Company.

Please refer to note 5 in respect of the Casino Licence.

17 INVESTMENTS IN SUBSIDIARIES

	The Company 2011 $'000	The Company 2010 $'000
Unlisted shares, at cost	**15,500**	15,500

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Place of incorporation	Place of business	Particulars of issued and paid up share capital	Effective equity held by the Company	Effective equity held by a subsidiary	Principal activities
NagaCorp (HK) Limited	Hong Kong	Hong Kong	10 shares of HK$1 each	100%	—	Investment holding
NWL@	Hong Kong	Cambodia	78,000,000 shares of HK$1 each	—	100%	Gaming, hotel and entertainment operations
Ariston #	Malaysia	Malaysia & Cambodia	56,075,891 shares of Ringgit Malaysia ("RM") each	—	100%	Holding casino licence and investment holding
Neptune Orient Sdn. Bhd. #	Malaysia	Malaysia & Cambodia	250,000 shares of RM1 each	—	100%	Inactive
Ariston (Cambodia) Limited #	Cambodia	Cambodia	1,000 shares of KHR 120,000 each	—	100%	Inactive
Naga Sports Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Sports
Naga Travel Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Travel
Naga Retail Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Retail
Naga Entertainment Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Entertainment
Naga Services Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Services
Naga Media Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Media
Naga Management Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Management
Naga Services Company Limited	Vietnam	Vietnam	$50,000	—	100%	Management consulting services

The class of shares held is ordinary.

@ The Gaming Branch and Hotel and Entertainment Branch of NWL were audited by a member firm of BDO International Limited for the year ended 31 December 2011.

The financial statements of these subsidiaries were audited by a member firm of BDO International Limited for the year ended 31 December 2011.

18 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade receivables-non-current assets (note)	**—**	3,431	**—**	—
Trade receivables-current assets	**24,734**	31,295	**—**	—
	24,734	34,726	**—**	—
Less: Allowance for impairment loss included in current portion	**(11,469)**	(11,190)	**—**	—
	13,265	23,536	**—**	—
Deposits, prepayments and other receivables	**8,969**	4,343	**203**	255
Amounts due from subsidiaries (note 22)	**—**	—	**193,860**	193,860
Amounts due from related companies	**2,157**	488	**301**	301
	24,391	28,367	**194,364**	194,416
Less: Trade receivables classified as non- current assets	**—**	(3,431)	**—**	—
Balance classified as current assets	**24,391**	24,936	**194,364**	194,416

Note:

As at 31 December 2010, the balance is unsecured, bears interest at 8.5% per annum from 1 January 2011 and repayable by December 2012.

18 TRADE AND OTHER RECEIVABLES (CONT'D)

Included in trade and other receivables are trade debts (net of impairment losses) with the following ageing analysis as at the end of the reporting period:

	The Group	
	2011	2010
	$'000	$'000
Current to within 1 month	**167**	916
1 to 3 months	**841**	3,610
3 to 6 months	**1,150**	1,538
6 to 12 months	**567**	174
More than 1 year	**10,540**	17,298
	13,265	23,536

The analysis of trade receivables which are past due but not impaired is as follows:

	The Group	
	2011	2010
	$'000	$'000
Less than 1 month overdue	**110**	850
1 to 3 months overdue	**841**	3,610
3 to 6 months overdue	**1,150**	1,538
6 to 12 months overdue	**567**	174
More than 1 year overdue	**7,865**	12,862
	10,533	19,034

The balances which are past due but not impaired relate to a number of Junket VIP operators and local operators who have a good track record with the Group, or are active during the year.

The balances of other classes within trade and other receivables of the Group and of the Company are neither past due nor impaired. They comprise other receivables which are currently aged, and receivables from related companies and group companies which are active during the year. Management considers that these related parties have sufficient financial capacities to repay.

18 TRADE AND OTHER RECEIVABLES (CONT'D)

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

	The Group	
	2011	2010
	$'000	$'000
At 1 January	**11,190**	3,971
Impairment loss recognised	**279**	7,219
At 31 December	**11,469**	11,190

The Group recognises impairment loss on individual assessments. The Group's credit policy is set out in note 29(c).

The amounts due from related parties are unsecured, interest-free and repayable on demand.

19 CONSUMABLES

Consumables comprise food and beverage, diesel and sundry store items.

20 DEPOSIT PAYMENTS FOR PURCHASE OF RAW MATERIALS

Deposit payments for purchase of raw materials relate to deposits made for the purchase of materials for the construction of NagaWorld.

The materials have not been received by the Group as at the year end. It is anticipated that the materials will be used in the construction of NagaWorld within one year from the end of the year.

21 FIXED DEPOSITS AT BANK

The deposits bear interest from 3.5% to 8.0% (2010: 6.0% to 8.0%) per annum and mature in various periods up to April 2012 (2010: mature in various periods up to December 2011).

22 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	The Company	
	2011	2010
	$'000	$'000
Amount due from Ariston	**104,986**	104,986
Amount due from NagaCorp (HK) Limited	**88,874**	88,874
Amounts due from subsidiaries	**193,860**	193,860
Amount due to subsidiary-NWL	**(11,936)**	(9,096)

The balances are unsecured, interest-free and repayable on demand.

23 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000
Trade payables	**794**	444	**—**	—
Unredeemed casino chips	**7,335**	6,185	**—**	—
Deposits	**96**	320	**—**	—
Construction creditors	**5,533**	3,514	**—**	—
Accruals and other creditors	**5,036**	3,362	**62**	56
Amount due to subsidiary (note 22)	**—**	—	**11,936**	9,096
	18,794	13,825	**11,998**	9,152

23 TRADE AND OTHER PAYABLES (CONT'D)

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

	The Group	
	2011	2010
	$'000	$'000
Due within 1 month or on demand	**718**	407
Due after 1 month but within 3 months	**14**	—
Due after 3 months but within 6 months	**6**	15
Due after 6 months but within 1 year	**56**	—
Due over 1 year	**—**	22
Total	**794**	444

24 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	The Group					
	2011			2010		
	Minimum lease payments	**Interest**	**Present value**	Minimum lease payments	Interest	Present value
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Less than one year	**4**	**(1)**	**3**	2	(1)	1
Between one and five years	**—**	**—**	**—**	4	(1)	3
	4	**(1)**	**3**	6	(2)	4

25 CAPITAL AND RESERVES

(a) The Group

	Share capital $'000	Share premium $'000	Merger reserve $'000	Capital contribution reserve $'000	Exchange reserve $'000	Retained profits $'000	Total $'000
At 1 January 2010	26,026	135,498	(12,812)	55,568	79	83,389	287,748
Profit for the year	—	—	—	—	—	44,061	44,061
Dividend declared and paid	—	—	—	—	—	(23,105)	(23,105)
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	(17)	—	(17)
At 31 December 2010	26,026	135,498	(12,812)	55,568	62	104,345	308,687
At 1 January 2011	**26,026**	**135,498**	**(12,812)**	**55,568**	**62**	**104,345**	**308,687**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**92,030**	**92,030**
Dividend declared and paid	**—**	**—**	**—**	**—**	**—**	**(48,242)**	**(48,242)**
Exchange differences on translation of financial statements of foreign entities	**—**	**—**	**—**	**—**	**3**	**—**	**3**
At 31 December 2011	**26,026**	**135,498**	**(12,812)**	**55,568**	**65**	**148,133**	**352,478**

(b) The Company

	Share capital $'000	Share premium $'000	Capital contribution reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2010	26,026	135,498	55,000	(13,384)	203,140
Profit for the year	—	—	—	20,985	20,985
Dividend declared and paid	—	—	—	(23,105)	(23,105)
At 31 December 2010	26,026	135,498	55,000	(15,504)	201,020
At 1 January 2011	**26,026**	**135,498**	**55,000**	**(15,504)**	**201,020**
Profit for the year	**—**	**—**	**—**	**45,295**	**45,295**
Dividend declared and paid	**—**	**—**	**—**	**(48,242)**	**(48,242)**
At 31 December 2011	**26,026**	**135,498**	**55,000**	**(18,451)**	**198,073**

25 CAPITAL AND RESERVES (CONT'D)

(c) Share capital

(i) Authorised:

	2011 **$'000**	2010 $'000
8,000,000,000 ordinary shares of $0.0125 each	**100,000**	100,000

(ii) Issued and fully paid:

	2011 **Number of shares**	**$'000**	2010 Number of shares	$'000
Ordinary shares of $0.0125 each				
At 1 January and 31 December	**2,082,078,875**	**26,026**	2,082,078,875	26,026

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

(iii) Capital management

The Group's objectives when managing capital are:

– to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

– to provide a return to Shareholders by pricing services commensurately with the level of risk.

The Capital structure of the Group consists of equity attributable to owner of the Company only, comprising share capital and reserves. Management may consider any opportunity of debt financing when necessary. The Group sets the amount of capital to reflect the perceived level of risk. The Group manages the capital structure and makes adjustments in the light of changes in economic and business conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to Shareholders, return capital to Shareholders, issue new shares, or sell assets to reduce debt.

25 CAPITAL AND RESERVES (CONT'D)

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the Shareholders provided that immediately following that date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts when they fall due in the ordinary course of business.

(ii) Merger reserve

The merger reserve relates to the pooling of interests under the share swap agreement between, amongst others, the former shareholders of the combined entities, the Company and the then sole ultimate controlling shareholder dated 6 June 2003. The amount represents the fair value of the share capital of the combined entities and the carrying value of assets and liabilities combined into the Group pursuant to the restructuring aforementioned.

(iii) Capital contribution reserve

The capital contribution reserve comprises the fair value of assets contributed to the Company by the ultimate controlling shareholder.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities.

(e) Distributable reserves

At 31 December 2011, the aggregate amount of reserves available for distribution to owners of the Company was $172,047,000 (2010: $174,994,000) within which $55,000,000 (2010: $55,000,000) related to the capital contribution reserve, which the Directors have no current intention of distributing.

After the end of the reporting period, the Directors proposed a final dividend of US cents 1.55 per ordinary share (2010: US cents 0.77 per ordinary share) amounting to $32.3 million (2010: $16.1 million). The dividend has not been recognised as a liability at the end of the reporting period.

26 LEASE COMMITMENTS

At the end of the reporting period, the Group's and Company's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group								
	2011					2010			
	In respect of:					In respect of:			
	Land lease	Office, staff quarters and car park rental	Equipment rental	Gaming machine stations	Total	Land lease	Office, staff quarters and car park rental	Equipment rental	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year	187	325	1,536	689	2,737	187	305	1,536	2,028
1 to 5 years	754	162	1,063	1,478	3,457	748	285	2,598	3,631
After 5 years	20,672	706	—	—	21,378	20,865	—	—	20,865
	21,613	1,193	2,599	2,167	27,572	21,800	590	4,134	26,524

	The Company	
	2011	2010
	$'000	$'000
In respect of office rental:		
Within 1 year	255	267
1 to 5 years	—	254
	255	521

Note: Hotel and entertainment complex, Phnom Penh

The Group has entered into lease arrangements in respect of land in Phnom Penh, Cambodia which forms the site for the NagaWorld hotel and entertainment complex with integrated casino facilities currently under construction. The lease agreement is for a period of seventy years and does not include any provisions for renewal upon expiry or contingent rentals. Provisions for periodic adjustments to reflect market rentals are included in the lease agreement and in the commitments shown above. Please refer to note 15(a) for further details in respect of the land.

27 CAPITAL COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	The Group	
	2011	2010
	$'000	$'000
Hotel and casino complex, Phnom Penh-contracted but not incurred	**17,205**	32,847

The capital commitments relating to the NagaWorld project are expected to be incurred over one year in accordance with a phased construction plan.

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has adopted a share option scheme upon listing of the Company's shares on the Main Board of the Stock Exchange on 19 October 2006 whereby the Directors are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at nil consideration to subscribe for shares of the Company.

The Company did not grant any share options during the year (2010: Nil) and there are no outstanding share options at the end of the reporting period (2010: Nil).

29 RISK MANAGEMENT

(a) Financial risk management objectives and policies

Exposures to political and economic risks, credit, interest rate and currency risks arise in the normal course of the Group's business. The Group has risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy and has established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such policies are regularly reviewed by the Board and regular reviews are undertaken to ensure that the Group's policy guidelines are adhered to.

(b) Political and economic risks

The Group's activities are carried out in Cambodia, a country which, until recently, has had a history of political instability. While the political climate has been more stable in recent years, its political and legal frameworks are still evolving and the economic and legal environments may change significantly in the event of a change of government. Although the Cambodian Government has been pursuing reform policies in recent years, no assurance can be given that the Cambodian Government will continue to pursue such policies or that such policies may not be significantly altered. There is also no guarantee that the Cambodian Government's pursuit of reforms will be consistent or effective. Changes in laws on taxation and investment and in policies affecting the industry in which the Group operates could have a significant negative effect on its operating results and financial condition.

29 RISK MANAGEMENT (CONT'D)

(c) Credit risk

The credit policy on gaming revenue is 7 days from the end of tour. Trade receivables relate mostly to Junket VIP operators and local operators who have good track records with the Group or were active during the year. At the end of the reporting period, the Group has a certain concentration of credit risk at 44% (2010: 66%) 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.

As at 31 December 2011, the Group placed demand deposits and fixed deposits of $5,014,000 and $35,500,000 respectively with Cambodia Asia Bank Ltd., an independent bank registered with the Cambodian banking and monetary authority. Management remains vigilant of the banking environment in Cambodia and aims to ensure the deposits are secure.

The Group does not provide any guarantees which would expose the Group to credit risk.

(d) Liquidity risk

The contractual maturities of financial liabilities of the Group are shown as below:

	2011	2010
	$'000	$'000
Less than one year	**18,797**	13,827
Between one and five years	**—**	4
	18,797	13,831

29 RISK MANAGEMENT (CONT'D)

(e) Interest rate risk

To date the Group's funding requirements have largely been met by cash flows generated from its operations. In respect of income from monetary assets, effective interest rates and terms are as follows:

	2011		2010	
	Effective interest rate %	**One year or less $'000**	Effective interest rate %	One year or less $'000
Bank deposits				
– On demand	**0.01 to 1.5**	**10,961**	0.01 to 1.5	9,930
– Fixed term of 7 days or less	**0.01**	**11**	0.01	11
– Within one year	**3.5 to 8.0**	**35,500**	6.0 to 8.0	21,100
		46,472		31,041

The following table indicates the approximate change in the profit after tax in response to reasonably possible changes in an interest rate to which the Group has significant exposure at the end of the reporting period. In determining the effect on profit after tax on the next accounting period, we assume that the change in interest rate had occurred at the end of the reporting period and all other variables remain constant. There is no change in the methods and assumptions used in 2010 and 2011.

	2011 $'000	2010 $'000
Applicable deposit rate		
Increase by 100 basis points	**109**	99
Decrease by 100 basis points	**(109)**	(99)

29 RISK MANAGEMENT (CONT'D)

(f) Foreign currency risk

The Group's income is principally earned in United States dollars. The Group's expenditure is principally paid in United States dollars and to a lesser extent in Cambodian Riels. The Group does not therefore have significant exposure to foreign currency risk. The Group does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential cost of exchange rate fluctuations.

(g) Fair values

All financial instruments are carried at amounts not materially different from their fair values at the end of the reporting period because of their short term maturity.

30 RELATED PARTY TRANSACTIONS

Significant transactions entered into between the Group and its related parties are as follows:

(a) Expenses

	2011	2010
	$'000	$'000
Travel expenses (note)	**569**	256

Note: The Group has transacted with a related company, the controlling beneficiary of which is Tan Sri Dr Chen Lip Keong, the ultimate controlling shareholder of the Company, for the provision of travel and tour services and hotel accommodation to the Group.

As at 31 December 2011, amounts due from related companies of $2,157,000 (2010: $488,000) are included in trade and other receivables as disclosed in note 18 to the consolidated financial statements. The balance is unsecured, interest-free and repayable on demand. The maximum balance during the year was $2,157,000 (2010: $488,000).

(b) Compensation of key management personnel

	2011	2010
	$'000	$'000
Basic salaries, housing and other allowances and benefits in kind	**3,941**	3,212
Bonus	**—**	56
Retirement contribution scheme	**—**	1
	3,941	3,269

(Expressed in United States dollars)

31 ULTIMATE CONTROLLING PARTY

At 31 December 2011, Tan Sri Dr Chen Lip Keong is interested in 1,255,795,298 ordinary shares of the 2,082,078,875 issued ordinary shares of the Company of which 385,634,561 ordinary shares are registered in his name and the remaining 162,260,443 and 707,917,323 ordinary shares are registered in the name of and beneficially owned by the Cambodia Development Corporation ("CDC") and Fourth Star Finance Corp. ("Fourth Star") respectively. The entire issued share capital of CDC and Fourth Star is beneficially owned by Tan Sri Dr Chen Lip Keong.

32 POSSIBLE IMPACT OF AMENDMENTS AND NEW OR REVISED STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 31 DECEMBER 2011

Up to the date of issue of these consolidated financial statements, the IASB has issued the following amendments and new or revised standards which are not yet effective for the annual accounting year ended 31 December 2011, potentially relevant to the Group's financial statements, and have not been early adopted in these consolidated financial statements.

Amendments to IFRS 7	Disclosure – Transfers of Financial Assets [1]
Amendments to IFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities [2]
Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income [4]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities [5]
IFRS 9	Financial Instruments [3]
IFRS 10	Consolidated Financial Statements [2]
IFRS 11	Joint Arrangement [2]
IFRS 12	Disclosure of Interests in Other Entities [2]
IFRS 13	Fair Value Measurement [2]
IAS 27 (2011)	Separate Financial Statements [2]
IAS 28 (2011)	Investments in Associates and Joint Ventures [2]
IAS 19 (2011)	Employee Benefits [2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 July 2012
[5] Effective for annual periods beginning on or after 1 January 2014

The Group is in the process of making an assessment of the potential impact of these standards, amendments or interpretations and the Directors so far concluded that the application of these standards and amendments will have no material impact on the results and the financial position of the Group.

33 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment allowance for bad and doubtful debts

The policy for impairment allowance for bad and doubtful debts on trade and other receivables of the Group is based on the evaluation of recoverability and outstanding period of accounts, and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer, including Junket VIP operators and local operators. In determining whether impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from individual trade and other receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly.

34 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 TSC Inc. and 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.

FIVE-YEAR FINANCIAL SUMMARY

(Expressed in United States dollars)

	2007 $'000	2008 $'000	2009 $'000	2010 $'000	**2011** **$'000**
Consolidated statement of income					
Revenue	144,024	193,485	117,770	150,517	**223,781**
Profit attributable to owners of the Company	50,200	40,010	25,468	44,061	**92,030**
Earnings per share (US cents)	2.42	1.93	1.23	2.12	**4.42**
Dividend					
Interim dividend declared	14,000	15,341	6,917	14,742	**32,141**
Final dividend proposed after the end of reporting period	16,000	2,689	8,363	16,101	**32,280**
Total dividend attributable to the year	30,000	18,030	15,280	30,843	**64,421**
Dividend per share (US cents)	1.45	0.87	0.73	1.48	**3.09**
Consolidated statement of financial position					
Property, plant and equipment and interest in leasehold land held for own use under operating lease	92,212	123,215	150,057	156,406	**187,716**
Intangible assets	98,124	94,577	91,030	87,483	**83,936**
Other non-current assets	—	—	4,091	3,431	**4,408**
Net current assets	72,241	52,415	42,574	61,370	**76,418**
Employment of capital	262,577	270,207	287,752	308,690	**352,478**
Represented by:					
Share capital	25,938	25,855	26,026	26,026	**26,026**
Reserves	236,630	244,345	261,722	282,661	**326,452**
Shareholders' funds	262,568	270,200	287,748	308,687	**352,478**
Other non-current liabilities	9	7	4	3	**—**
Capital employed	262,577	270,207	287,752	308,690	**352,478**
Net assets per share (US cents)	12.65	13.06	13.86	14.83	**16.93**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Suite 2806, 28th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 24 May 2012 at 10:00 a.m. for the following:

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors and auditor for the year ended 31 December 2011 ("Year End").

2. To declare a final dividend in respect of the Year End.

3. To re-elect the Directors who have retired by rotation in accordance with Article 87(1) of the Articles of Association:-

   i Mr. Philip Lee Wai Tuck as Executive Director of the Company.

   ii. Mr. Timothy Patrick McNally as Non-executive Director of the Company.

   iii Mr. Michael Lai Kai Jin as Independent Non-executive Director of the Company.

4. To approve the directors' remuneration for the Year End and to authorize the Board to fix the directors' remuneration for the year ending 31 December 2012.

5. To re-appoint BDO Limited as auditor of the Company and to authorize the Board to fix their remuneration.

6. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

   (A) **"That:**

      (i) subject to paragraph (A)(iii) below, the exercise by the directors during the Relevant Period (as hereinafter defined) of all powers to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;

      (ii) the approval in paragraph (A)(i) above shall be in addition to any other authorization given to the directors and shall authorize the directors during the Relevant Period to make or grant offers, agreements and/or options which may require the exercise of such powers after the end of the Relevant Period;

* For identification purpose only %6.

(iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors during the Relevant Period pursuant to paragraph (A)(i) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined) or (2) the grant or exercise of any option under the option scheme or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares; or (3) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association in force from time to time; or (4) any issue of shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities which carry rights to subscribe for or are convertible into shares, shall not exceed 20 per cent of the aggregate nominal amount of share capital in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

(a) "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(1) the conclusion of the next annual general meeting;

(2) the expiration of the period within which the next annual general meeting is required by any applicable law or the articles of association to be held; or

(3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in general meeting; and

(b) "Rights Issue" means an offer of shares in the capital of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors to holders of shares in the capital of the Company whose names appear on the register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company)."

(B) **"That:**

(i) subject to paragraph (B)(ii) below, the exercise by the directors during the Relevant Period (as hereinafter defined) of all the powers to repurchase the issued shares of the Company on the Stock Exchange of Hong Kong Limited or on any other stock exchange on which the shares of the Company may be listed and recognized for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange and, subject to and in accordance with all applicable laws, the Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;

(ii) the aggregate nominal amount of the shares of the Company, which the Company is authorized to repurchase pursuant to the approval in paragraph (B)(i) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution, and the said approval shall be limited accordingly;

(iii) subject to the passing of each of the paragraphs (B)(i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (B)(i) and (ii) of this resolution which had been granted to the directors and which are still in effect be and are hereby revoked; and

(iv) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting;

(b) the expiry of the period within which the next annual general meeting is required by applicable law or the articles of association to be held; or

(c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders in general meeting."

(C) **"That** conditional upon the resolutions numbered 6(A) and 6(B) being passed, the general mandate granted to the directors to exercise the powers to allot, issue and otherwise deal with additional shares of the Company and to make or grant offers, agreements and options which may require the exercise of such powers pursuant to the ordinary resolution numbered 6(A) be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 6(B) as set out in the notice convening this meeting, provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution."

By Order of the Board of Directors
Timothy Patrick McNally
Chairman

Hong Kong, 24 April 2012

Notes:

(i) Resolution numbered 6(C) will be proposed to the shareholders for approval provided that ordinary resolutions numbered 6(A) and 6(B) are first passed by the shareholders.

(ii) A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as proxy to attend and, on a poll, vote in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company.

(iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined as the person so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

(iv) In order to be valid, a form of proxy must be deposited at the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude members of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.

(v) The Company's register of members will be closed during the following period:-

(a) from Monday, 21 May 2012 to Thursday, 24 May 2012, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar and transfer office in Computershare Hong Kong Investor Services Limited located 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, 18 May 2012; and

(b) from Thursday, 31 May 2012 to Tuesday, 5 June 2012, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to the Final Dividend. In order to qualify for the Final Dividend, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar and transfer office in Computershare Hong Kong Investor Services Limited located at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 30 May 2012. The Company's shares will trade ex-entitlement from and including Tuesday, 29 May 2012.

(vi) In respect of ordinary resolution numbered 3 above, Mr. Philip Lee Wai Tuck, Mr. Timothy Patrick McNally and Mr. Michael Lai Kai Jin retire at the annual general meeting but offer themselves for re-election.

(vii) In respect of the ordinary resolution numbered 6(A) above, the directors state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders as a general mandate for the purposes of the Listing Rules.

(viii) In respect of ordinary resolution numbered 6(B) above, the directors state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of shareholders. The Explanatory Statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the accompanied circular dated 24 April 2012.

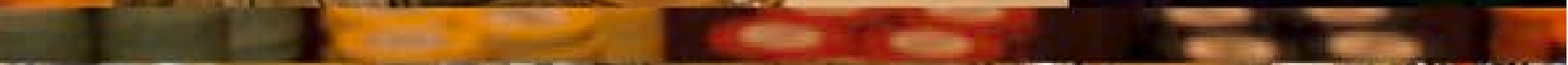
As at the date this notice, the Directors are:

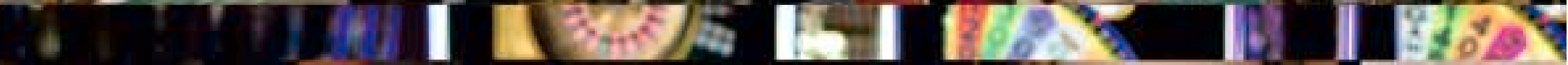
Executive Directors
Tan Sri Dr Chen Lip Keong, Philip Lee Wai Tuck and Chen Yepern

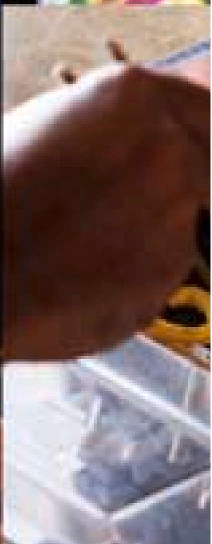
Non-executive Director
Timothy Patrick McNally

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





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