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NAGACORP LTD.
金界控股有限公司*

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

Financial Highlights for 2008:

- Total revenue increased by 34.3% to US$193.5 million
- Revenue from public floor tables increased by 36.2% to US$102.7 million
- Revenue from Junket VIP floor tables increased by 30.3% to US$85.2 million
- Gross profit increased by 12.6% to US$88.0 million
- Net profit decreased by 20.3% to US$40.0 million
- Earnings per share of US cents 1.93 (US cents 2.42 per share in 2007)
- Proposed final dividend of US cents 0.13 per share (or equivalent to HK cents 1.01 per share)

The board of directors (the "Board") of NagaCorp Ltd. (the "Company" and together with its subsidiaries the "Group") is pleased to announce the consolidated financial results of the Group for the year ended 31 December 2008 as follows.

In consideration of the Company's financial results and the challenging year ahead, the Board recommends the payment of a final dividend of US cents 0.13 per share (or equivalent to HK cents 1.01 per share) for the year ended 31 December 2008 (the "Final Dividend"). The proposed Final Dividend together with the interim dividend is US cents 0.87 per share, represent dividend payout ratio of 45% in 2008. The Final Dividend will take the form of a scrip dividend whereby the shareholders will receive 40% in cash and 60% in scrip shares as their scrip dividend entitlements.

CONSOLIDATED INCOME STATEMENT

		Financial year ended 31 December	
	Note	**2008**	**2007**
		US$'000	*US$'000*
Revenue	2	193,485	144,024
Cost of sales		(105,501)	(65,884)
Gross profit		**87,984**	**78,140**
Other income		2,558	4,084
Administrative expenses		(24,324)	(12,498)
Other operating expenses		(24,255)	(17,813)
Profit before taxation	3	**41,963**	**51,913**
Income tax	4	(1,953)	(1,713)
Profit attributable to equity shareholders of the Company		**40,010**	**50,200**
Dividends payable to equity shareholders of the Company attributable to the year:	5		
Interim dividend declared during the year		15,341	14,000
Final dividend proposed after balance sheet date		2,689	16,000
Total dividend declared / proposed		**18,030**	**30,000**
Earnings per share (US cents)	**6**	**1.93**	**2.42**

CONSOLIDATED BALANCE SHEET

	Note	31 December 2008 US$'000	2007 US$'000
Non-current assets			
Property, plant and equipment	8	122,560	91,548
Interest in leasehold land held for own use under operating lease		655	664
Intangible assets	9	94,577	98,124
		217,792	190,336
Current assets			
Consumables		186	51
Trade and other receivables	10	65,795	33,453
Deposit payments for purchase of raw materials	11	1,239	3,022
Cash and cash equivalents		9,627	56,229
		76,847	92,755
Current liabilities			
Trade and other payables	12	22,334	18,416
Obligations under finance leases		2	2
Provisions		2,096	2,096
		24,432	20,514
Net current assets		**52,415**	**72,241**
Total assets less current liabilities		**270,207**	**262,577**
Non-current liabilities			
Obligations under finance leases		7	9
NET ASSETS		**270,200**	**262,568**
CAPITAL AND RESERVES	13		
Share capital		25,855	25,938
Reserves		244,345	236,630
TOTAL EQUITY		**270,200**	**262,568**

Notes:

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

   The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board (the "IASB"). The consolidated financial statements are presented in United States dollars, rounded to the nearest thousand, and have been prepared under the historical cost convention.

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

   The estimates and underlying assumptions are reviewed on an 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 IASB has issued certain amendments and new interpretations that are first effective for the current accounting period of the Group. The adoption of these amendments and new interpretations has no material impact on the consolidated financial statements of the Group for the current and prior periods and no prior period adjustment has been recognised.

   The Group has not early adopted any amendments, new or revised standards or interpretations that are issued but not yet effective for the current accounting period. The directors of the Company anticipate their application will have no material impact on the consolidated financial statements. Among these amendments, new or revised standards and interpretations, IFRIC - Int 13 "Customer Loyalties Programmes" particularly states that when customer loyalty award credits are granted to its customers as part of a sales transaction whereby the customers are entitled to redeem in the future for free or discounted goods or services subject to meeting any further conditions, the entity shall account for the award credits as separately identifiable component of the sales transactions. The consideration allocated to the award credits shall be measured by reference to their fair value. The Group's current accounting policies are already in compliance with this new interpretation.

2. **Revenue**

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

	2008 *US$'000*	**2007** *US$'000*
Casino operations *(note (a))*	187,901	140,788
Income from operating lease for the provision and maintenance of gaming machine stations	3,070	3,070
Other operations *(note (b))*	2,514	166
	193,485	144,024

Notes:

(a) In December 2007, the Group entered into a management agreement with a third party to provide gaming management services in a prescribed gaming hall in NagaWorld, a hotel and casino complex in Phnom Penh, the capital city of the Kingdom of Cambodia ("Cambodia"), for a period of ten years. In return, the Group is entitled to receive from the third party gaming management fees of US$2.1 million per month for the first five years and US$2.6 million per month for the next five years. Revenue of US$12.6 million has been recognised by the Group for the year ended 31 December 2008 (2007: US$Nil). However, the Group ceased the provision of gaming management services to this third party since late 2008 and by end of 2008, the Group terminated the agreement in accordance with the stipulated terms due to default by the third party.

(b) Revenue from other operations comprises income from food and beverage outlets, hotel complex, spa and others.

3. **Profit before taxation**

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

	2008 *US$'000*	**2007** *US$'000*
Interest income	(454)	(2,451)
Forfeiture of gaming deposits received	(1,908)	—
Reversal of accruals of other taxes and contingencies	—	(1,597)
Auditor's remuneration		
- current year	226	148
- under-provision for prior year	41	147
- over-provision for prior year	(1)	—
Fuel expenses	4,844	1,490
Other taxes (note)	(20)	100
Amortisation of casino licence premium charged to other operating expenses	3,547	3,547
Depreciation and amortisation	3,748	1,391
Impairment loss on trade receivables	2,210	152
Write-off of property, plant and equipment	4	—
(Gain)/Loss on disposal of property, plant and equipment	(18)	4
Operating lease charges for:		
- land lease rental	187	192
- office and car park rental	286	220
- hire of equipment	945	—
Exchange gain, net	(130)	(523)
Staff costs (including directors' remuneration)		
- Salaries, wages and other benefits	17,085	13,393
- Contributions to defined contribution retirement scheme	5	5

Note: Other taxes relate to salary taxes, fringe benefit taxes and withholding taxes

4. **Income tax**

	2008 *US$'000*	**2007** *US$'000*
Current tax expense	1,953	1,713

Income tax represents obligation payments of (1) US$160,180 (2007: US$142,383) per month payable to the Ministry of Economy and Finance of Cambodia by NagaWorld Limited Gaming Branch, a branch registered under the name of NagaWorld Limited ("NWL"), a subsidiary of the Company; and (2) minimum profits tax of US$30,553 (2007: US$3,471) for the NWL Hotel and Entertainment Branch, another registered branch of NWL.

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

5. **Dividends payable to equity shareholders of the Company attributable to the year**

	2008	**2007**
	US$'000	*US$'000*
Interim dividend declared during the year:		
2008: US cents 0.74 per ordinary share	15,341	—
2007: US cents 0.67 per ordinary share	—	14,000
Final dividend proposed after balance sheet date:		
2008: US cents 0.13 per ordinary share	2,689	—
2007: US cents 0.77 per ordinary share	—	16,000
	18,030	30,000

The interim dividend of US$15,341,000 for the year ended 31 December 2008 was declared and paid in September 2008.

6. **Earnings per share**

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of US$40,010,000 (2007: US$50,200,000) and the weighted average number of 2,073,174,592 (2007: 2,075,000,000) ordinary shares in issue during the year.

The weighted average number of ordinary shares is as follows:

	2008	**2007**
At 1 January	2,075,000,000	2,075,000,000
Effect of repurchase and cancellation of shares	(1,825,408)	—
At 31 December	2,073,174,592	2,075,000,000

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2008 and 31 December 2007.

7. **Segment information**

Segment information is presented in respect of the Group's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

Business segments

	Casino operations $'000	Hotel and entertainment operations $'000	Corporate $'000	Inter-segment elimination $'000	Total $'000
Segment revenue:					
Year ended 31 December 2007					
Revenue from external customers	143,858	166	—	—	144,024
Inter-segment revenue	—	361	—	(361)	—
Segment revenue	143,858	527	—	(361)	144,024
Year ended 31 December 2008					
Revenue from external customers	190,971	2,514	—	—	193,485
Inter-segment revenue	—	920	—	(920)	—
Segment revenue	190,971	3,434	—	(920)	193,485
Segment profit/(loss) from operations:					
Year ended 31 December					
2007	56,680	(1,118)	(3,649)	—	51,913
2008	59,268	(6,711)	(10,594)	—	41,963
Segment assets:					
Year ended 31 December					
2007	150,238	91,032	41,821	—	283,091
2008	167,431	118,423	8,785	—	294,639
Segment liabilities:					
Year ended 31 December					
2007	(16,460)	(2,755)	(1,308)	—	(20,523)
2008	(14,933)	(6,032)	(3,474)	—	(24,439)
Net assets:					
Year ended 31 December					
2007	133,778	88,277	40,513	—	262,568
2008	152,498	112,391	5,311	—	270,200

Revenue and profit from "Hotel and entertainment operations" comprise income from the operation of food and beverage outlets and restaurants. In addition to the assets employed for the operation of the food and beverage outlets and restaurants, the assets of "the corporate and hotel and entertainment operations" also include leasehold land and capital work-in-progress for the NagaWorld project in Phnom Penh.

Geographical segments

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

8. **Property, plant and equipment**

The major additions during the year are the construction costs in relation to NagaWorld of approximately US$26,595,000.

9. **Intangible assets**

The intangible assets include the casino licence premium, and the extended exclusivity premium of the casino licence for the exclusivity period extended to the end of 2035 in consideration of US$108 million, less accumulated amortisation of US$13.4 million (2007: US$9.9 million).

10. **Trade and other receivables**

	2008	**2007**
	US$'000	*US$'000*
Trade receivables	60,195	28,094
Deposits, prepayments and other receivables	7,638	5,341
Amount due from related company	324	170
Less: Allowance for impairment loss included in trade receivables	(2,362)	(152)
	65,795	33,453

Included in trade and other receivables are trade debts (net of impairment losses) with the following ageing analysis as at the balance sheet date:

	2008	**2007**
	US$'000	*US$'000*
Current to within 1 month	19,393	23,044
1 to 3 months	16,655	2,446
3 to 6 months	15,381	881
6 to 12 months	4,050	580
More than 1 year	2,354	991
	57,833	27,942

The average credit period on gaming revenue is 7 days from the end of tour.

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

	2008 *US$'000*	2007 *US$'000*
Less than 1 month overdue	8,824	8,996
1 to 3 months overdue	16,655	2,446
3 to 6 months overdue	15,381	881
6 to 12 months overdue	4,050	580
More than 1 year overdue	2,354	991
	47,264	13,894

The balances that are past due but not impaired relate to a number of Junket VIP (previously known as specialised tour group) operators and local operators who have a good track record with the Group, or are active during the year. As at 31 December 2008, the Group has certain concentration of credit risk at 71% (2007: 79%) of the trade receivables that were due from the five largest operators.

The balances of other classes within trade and other receivables are neither past due nor impaired.

The following table reconciles the impairment loss of trade receivables for the years of 2008 and 2007:

	2008 *US$'000*	2007 *US$'000*
At 1 January	152	159
Impairment loss recognised	2,210	152
Bad debts written off	—	(159)
At 31 December	2,362	152

The Group recognises impairment loss on individual assessments. The Group grants credit facilities, on an unsecured basis, to selected Junket VIP operators and local operators who have a good financial background or with whom the Group has had extensive dealings over the past few years. Credit evaluations are performed on all customers requesting credit facilities. The Group has a credit policy in place and credit facilities are monitored on an ongoing basis.

11. **Deposit payments for purchase of raw materials**

The deposit payments for the purchase of raw materials relate to deposits made for the purchase of raw 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 balance sheet date.

12. Trade and other payables

	2008 *US$'000*	2007 *US$'000*
Trade payables (note (a))	344	22
Unredeemed casino chips	7,016	12,062
Unredeemed chips — Poibos	940	—
Deposits	3,008	500
Construction creditors	4,944	2,189
Non-gaming obligation payments and other taxes (note (b))	319	342
Tax penalties and late payment interest	109	85
Accruals and other creditors	5,654	3,216
	22,334	18,416

Notes:

(a) Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	2008 *US$'000*	2007 *US$'000*
Due within 1 month or on demand	7	—
Due after 1 month but within 3 months	19	—
Due after 3 months but within 6 months	318	—
Due over 6 months	—	22
Total	344	22

(b) Other taxes relate to salary taxes, fringe benefit taxes and withholding taxes.

13. Capital and reserves

	Share capital *US$'000*	Share premium *US$'000*	Merger reserve *US$'000*	Capital contribution reserve *US$'000*	Exchange reserve *US$'000*	Retained profits *US$'000*	Total *US$'000*
At 1 January 2007	25,938	134.477	(12,812)	55,568	53	32,658	235,882
Profit for the year	—	—	—	—	—	50,200	50,200
Dividend paid	—	—	—	—	—	(24,000)	(24,000)
Exchange differences on translation of the financial statements of foreign entities	—	—	—	—	71	—	71
Overprovision of share issue cost in prior year	—	415	—	—	—	—	415
At 31 December 2007	25,938	134,892	(12,812)	55,568	124	58,858	262,568

	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Capital contribution reserve US$'000	Exchange reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2008	25,938	134,892	(12,812)	55,568	124	58,858	262,568
Profit for the year	—	—	—	—	—	40,010	40,010
Dividend paid	—	—	—	—	—	(31,341)	(31,341)
Exchange differences on translation of the financial statements of foreign entities	—	—	—	—	(76)	—	(76)
Repurchase and cancellation of shares	(83)	(878)	—	—	—	—	(961)
At 31 December 2008	25,855	134,014	(12,812)	55,568	48	67,527	270,200

Share capital

(i) *Authorised:*

	2008 *US$'000*	**2007** *US$'000*
8,000,000,000 ordinary shares of US$0.0125 each	100,000	100,000

(ii) *Issued and fully paid:*

	2008 *Number of shares*	**2008** *US$'000*	**2007** *Number of shares*	**2007** *US$'000*
Ordinary shares of US$0.0125 each				
At 1 January	2,075,000,000	25,938	2,075,000,000	25,938
Repurchase and cancellation of shares during the year	(6,564,000)	(83)	—	—
At 31 December	2,068,436,000	25,855	2,075,000,000	25,938

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.

Repurchase and cancellation of shares during the year

The Company made six repurchases of its ordinary shares of US$0.0125 each from the open market traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and made subsequent cancellation of the same during the year ended 31 December 2008. The Company repurchased (i) on 3 April 2008, 1,880,000 ordinary shares of the Company at prices between Hong Kong dollars ("HK$")1.59 and HK$1.63 per share;

(ii) on 21 November 2008, 454,000 ordinary shares of the Company at prices between HK$0.91 and HK$0.97 per share; (iii) on 25 November 2008, 950,000 ordinary shares of the Company at a price of HK$0.95; (iv) on 1 December 2008, 1,350,000 ordinary shares of the Company at prices between HK$0.93 and HK$0.95 per share; (v) on 2 December 2008, 1,450,000 ordinary shares of the Company at prices between HK$0.91 and HK$0.95 per share; and (vi) on 3 December 2008, 480,000 ordinary shares of the Company at prices between HK$0.91 and HK$0.96 per share, and made subsequent cancellation of the shares thereof in accordance with the requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The total number of shares repurchased by the Company represented approximately 0.316% of the total number of its issued and fully paid share capital before the repurchase of such shares.

MANAGEMENT DISCUSSION & ANALYSIS

We manage and operate the only licensed casino in Phnom Penh, the capital city of Cambodia. We hold a casino licence (the "Casino Licence") granted to us by the Royal Government of Cambodia (the "Cambodian Government") with the right to operate casino activities in Cambodia for 70 years commencing from 2 January 1995 and for around 41 years on an exclusive basis 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 since 19 October 2006.

Business review

Revenue increased by 34.3% to approximately US$193.5 million for the financial year ended 31 December 2008 from US$144.0 million for the same period in 2007. Gross profit increased by 12.6% to approximately US$88.0 million in 2008 from US$78.1 million in 2007. Earnings before interest, tax, depreciation and amortisation were approximately US$49.3 million in 2008 and approximately US$56.9 million in 2007. Profit attributable to shareholders of the Company or net profit decreased by 20.3% to approximately US$40.0 million in 2008 from US$50.2 million in 2007.

The stable political regime and economic development of Cambodia has continued after the national election in July 2008 and that provided a good domestic backdrop for the hospitality industry. The number of visitor arrivals at Cambodia increased to around 2.1 million in 2008 from around 2.0 million in 2007 (Source: Ministry of Tourism, Cambodia).

The external environment has become increasingly challenging for the hospitality sector after the onset of the global financial tsunami. Although the location of our principal operations is distant from the epicenter of the tsunami, business activities were, to a certain extent, affected and slowed down in the second half compared to the first half of the year under review.

Gaming operations continued to be the principal revenue source and represented around 99% of the total revenue of the Company. The remaining revenue was derived largely from food & beverages and hotel & entertainment. Revenue derived from gaming operations was approximately US$191.0 million in 2008 compared to US$143.9 million in 2007. The majority of the revenue from the hotel wing was generated from the provision of complimentary services to the casino players. The increase in revenue from gaming operations was attributable mainly to the higher contributions of revenues from our public floor tables and Junket VIP floor tables in 2008.

Revenue

Public Floor Tables

Revenue from public floor tables increased by 36.2% to approximately US$102.7 million in 2008 from US$75.4 million in 2007. Revenue derived from public floor tables accounted for 53.1% of our total revenue in 2008 compared to 52.3% in 2007. The increase in revenue from our public floor tables was attributable mainly to our various programmes targeting public floor customers namely, Vietnam Ground Junket Programme, Travel Agent Junket Programme, and the Premium Players Programme targeting Cambodians who hold foreign passports. It was estimated that 89.7% of the revenue from public floor tables was attributed to the Premium Players Programme.

The buy-in amounts made by players increased by 109.7% to US$555.9 million in 2008 from US$265.1 million in 2007. The level of gaming activities as measured by rollings increased by 147.4% to US$4,073.3 million in 2008 from US$1,646.4 million in 2007.

The costs related to our various programmes namely, commission, food and beverages and transportation paid to operators and players increased by 128.6% to approximately US$62.7 million in 2008 from US$27.4 million in 2007 on the back of an increased level of rollings.

Win rates for the Premium Player Programme, being revenue to rollings of the programme, were 2.3% and 3.7% for 2008 and 2007 respectively.

The gross profit margins for public floor tables were 39.0% and 63.6% in 2008 and 2007 respectively.

Junket VIP Floor Tables

Revenue from our Junket VIP floor tables increased by 30.3% to approximately US$85.2 million in 2008 from US$65.4 million in 2007. Revenue from our Junket VIP floor tables accounted for 44.0% of our total revenue in 2008 compared to 45.4% in 2007. For the year under review, the Company recorded revenue of approximately US$12.6 million from Poibos Co Ltd. ("Poibos"), in accordance with the terms of the management agreement dated 13 December 2007. Please refer to the announcement dated 13 December 2007 for further details.

Rollings, a measure of the level of gaming activity, in our various Junket VIP floor tables increased by 19.6% to approximately US$2,373.9 million in 2008 from US$1,984.1 million in 2007.

The Junket VIP players had deposited more check-in amounts in 2008. The check-in amounts deposited by our Junket VIP players increased by 8.3% to approximately US$443.4 million in 2008 from US$409.4 million in 2007. There were around 15,196 Junket VIP players who visited our casino in 2008 compared to 18,032 Junket VIP players in 2007. The average check-in amounts per Junket VIP player increased to approximately US$29,180 in 2008 from US$22,702 per Junket VIP player in 2007.

On 26 November 2008, the Company by way of an announcement announced that legal actions against Poibos have been initiated with a view to terminating the management agreement. Poibos has failed to fulfil its obligations in respect of, among others, prompt payments of the management fees and provision of sufficient working capital for its gaming operations in the prescribed gaming hall. In particular, of the first installment of US$12.6 million of management fees already paid by Poibos to Nagaworld Limited pursuant to the management agreement, US$2 million was dishonoured. The working capital of approximately US$1.9 million maintained with NagaWorld by Poibos in exchange of unsettled gaming chips amounting to approximately US$2.6 million was not adequate.

The Company is aware that there is a claim for settlement of gaming chips of US$1.63 million reported in a local newspaper on 18 February 2009. The claim of US$1.63 million is for the settlement of the unsettled gaming chips issued in the Poibos gaming hall in NagaWorld and relates to one of the two competing claims as disclosed in our announcement dated 26 November 2008. The Company has received two more claims for the settlement of the unsettled gaming chips issued for use in the Poibos gaming hall since the announcement in the amounts of US$33,600 and US$425,000 respectively. The claims on unsettled gaming chips above fall within the amount of US$2.6 million of the unsettled gaming chips referred to in the announcement.

The management of the Company considered that Poibos was in breach of the management agreement and the Group terminated the management agreement as a result of such breach. The Group is seeking legal advice from the Company's legal counsel with a view to taking further legal actions against Poibos and its associates.

In connection with Poibos, the Company has set aside a provision of US$2.0 million for the unsettled amount of the first installment of the Poibos management fees and a provision of US$940,000 for the claims against the unredeemed gaming chips.

Junket VIP floor win rates, being revenue to rollings, were 3.1% and 3.3% for 2008 and 2007 respectively. The revenue from the Poibos arrangement is excluded in the calculation of the win rate in 2008.

The costs related to our various programmes namely, commission, accommodation, food and beverages and transportation paid to operators and players increased modestly by 9.5% to approximately US$42.1 million in 2008 from US$38.4 million in 2007 compared to a higher growth rate in rollings. The growth in costs was contained as accommodation and related costs and, to a lesser extent, food and beverage were reduced as the players and customers have utilised more of our own hotel rooms and amenities in 2008 than in 2007.

The gross profit margins for Junket VIP floor tables were 50.6% in 2008 compared to 41.3% in 2007.

Overall win rate

Overall win rates based on revenue and rollings from public floors (save for revenue from the walk-ins) and Junket VIP floors, were 2.6% and 3.5% for 2008 and 2007 respectively.

The revenue from the Poibos arrangement is excluded in the calculation of win rate in 2008.

Gaming Machine Stations

We have been receiving fixed income payments from an independent party for the provision of the gaming machine stations in our casino. Under the existing arrangement, we are not required to pay rental costs for the gaming machine stations.

For the financial year under review, we derived revenue of US$3.1 million from the gaming machine stations, which is the same as the level of revenue derived in 2007.

As at the end of 2008, there were a total of 211 gaming machine stations offered for patronage in our casino (2007: 211 gaming machine stations).

Gross Profit

Cost of sales comprised mainly commissions paid to Junket VIP operators and local operators and benefits to players such as complimentary accommodation, food and beverages and rebates on air tickets and other forms of transportation. Cost of sales was approximately US$105.5 million in 2008, representing an increase of 60.1% compared to US$65.9 million in 2007. The increase in cost of sales reflected patronage of our various programmes and the higher level of gaming activities conducted in our casino for the financial year under review. The level of gaming activities, as measured by rollings, increased in total by 77.6% to approximately US$6,447.2 million in 2008 from US$3,630.5 million in 2007. Gross profit increased by 12.6% to approximately US$88.0 million in 2008 from US$78.1 million in 2007.

Given the drop in win rates for both public floor and Junket VIP floor tables, revenue did not increase as fast as that of cost of sales. The gross profit margins were 45.5% and 54.3% in 2008 and 2007 respectively.

Administrative and other operating expenses

Administrative expenses increased by 94.6% to approximately US$24.3 million in 2008 from US$12.5 million in 2007. Fuel expenses increased to approximately US$4.7 million in 2008 from US$1.4 million in 2007. The increase in fuel expense reflected, among other things, the increase in fuel consumption for the operation and usage of various gaming and hotel spaces, facilities and amenities in NagaWorld and the increase in fuel prices in 2008.

In 2008, in order to maintain a win-win situation with the operating environment and the strategic position of the Company, the Group has made contributions in an aggregate amount of approximately US$3.6 million to the Cambodia Red Cross, other charitable organisations and bodies for the betterment of Cambodia and its people.

For the purpose of the IPO, the Company purchased a political insurance hedging country risks in Cambodia. The Company considered, among others, the continued political stability and economic development in Cambodia and decided the political insurance was no longer necessary. As such, the political insurance was discontinued.

Other operating expenses increased by 36.2% to approximately US$24.3 million in 2008 from approximately US$17.8 million in 2007. We have been recruiting new staff to manage our gaming and hotel operations and other entertainment facilities. The expansion of our gaming and hotel operations and other entertainment facilities will require additional manpower. The number of our employees increased to 2,753 employees in 2008 from 1,709 employees in 2007.

Finance Costs

We did not incur any significant finance costs as there were no significant financing arrangements in 2008.

Net Profit

Profit attributable to equity shareholders of the Company or net profit decreased by 20.3% to approximately US$40.0 million in 2008 from US$50.2 million in 2007. The net profit margins were 20.7% and 34.9% in 2008 and 2007 respectively.

Earnings per shares were approximately US cents 1.93 (HK cents 15.1 per share) and US cents 2.42 (HK cents 18.9 per share) in 2008 and 2007 respectively.

Financial review

Pledge of Assets

As at 31 December 2008, the Group had not pledged any assets for bank borrowings (2007: US$ Nil).

Contingent Liabilities

As at 31 December 2008, the Group had no contingent liabilities. In relation to the litigation of a Junket VIP group as disclosed in the annual report 2007, the Group has provided an adequate allowance of US$2.1 million for the case.

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. The Group does not enter into any currency hedging transactions since it considers that the cost of such instruments would outweigh the potential cost resulting from exchange rate fluctuation.

Issue of New Shares

There was no issue of new shares for the financial year ended 31 December 2008.

Liquidity, Financial Resources and Gearing

As at 31 December 2008, the Group had total cash and cash equivalents of approximately US$ 9.6 million (2007: approximately US$56.2 million). The Group had been making investments in property, plant and equipment in connection with the development and expansion of NagaWorld and the provision of gaming, entertainment and hotel services and facilities. We expect that our working capital and investments will be financed by cash generated from our operations and proceeds from the IPO and, if necessary, other forms of financing.

As at 31 December 2008, the Group had net current assets of approximately US$52.4 million (2007: approximately US$72.2 million). The Group had net assets of approximately US$270.2 million (2007: approximately US$262.6 million).

As at 31 December 2008, the Group had no significant outstanding borrowings.

Capital and Reserves

As at 31 December 2008, the capital and reserves attributable to equity shareholders of our Company was approximately US$270.2 million (2007: approximately US$262.6 million). The changes in the capital and reserves reflected mainly the profit retained and dividend paid in 2008.

Staff

As at 31 December 2008, the Group employed a work force of 2,753 (2007: 1,709) stationed in Cambodia, Malaysia and Hong Kong. The remuneration and staff costs for the financial year under review were approximately US$17.1 million (2007: approximately US$13.4 million).

Development of NagaWorld

The net proceeds from the Company's IPO were approximately US$94.9 million, after deduction of related expenses. The net proceeds were utilised for the development and construction of NagaWorld, the development of gaming activities such as installation of gaming equipment and tables and other ancillary equipment for public gaming floor in the hotel lobby and general working capital. As at 31 December 2008, remaining net proceeds from the IPO was approximately US$5.8 million and would be utilised for general working capital.

With the completion of levels 6, 7 and 8 of the North Tower & the spa in the Entertainment Wing, the construction of all gaming levels of the entertainment wing of NagaWorld was largely completed.

In the hotel wing, the grand hotel lobby and the construction of 508 hotel rooms were completed. The grand ballroom, which is capable of housing around 2,000 guests, was also completed. We added a collection of restaurants in NagaWorld that serve Italian, Korean, Chinese and, French cuisine. There are other food and beverage outlets in NagaWorld such as a wine & cigar bar, lobby lounge, club lounge, food court and noodle bar. The hotel wing of NagaWorld was largely completed.

The global financial tsunami had cast an impact on both advanced and emerging economies. Business activities across the region slowed down as a result. In view of the uncertain business outlook, the management of the Company decided, at this juncture, to postpone the expansion plan to expand the gaming and hotel space and increase the number of hotel rooms. With a capacity of 508 hotel rooms, 176 gaming tables, a collection of food and beverage outlets, and various entertainment amenities, NagaWorld is a competitive destination for our target customers.

In December 2008, the Company entered into an agreement with Elixir Gaming Technologies, Inc. under which Elixir agreed to provide around 140 electronic gaming machines on a participation basis in the hotel wing of NagaWorld. The Company will be entitled to 75% of the revenue generated by the electronic gaming machines placed by Elixir group in NagaWorld while Elixir group will be entitled to 25% of such revenue. Further, the Company has newly placed around 36 sporting machines in the grand hotel lobby for patronage. The sporting machines offer gaming opportunities for players who are interested in sporting events including, among other things, electronic soccer and football. The sporting machines together with the electronic gaming machines are expected to contribute to our revenue base.

On 8 November 2008, Caesars Palace and NagaWorld jointly sponsored a Cambodian Red Cross charity dinner attended by the guest of honour, the first lady Lok Chumteav Bun Rany Hun Sen. The charity dinner was attended by local officials, celebrities and international investors. The charity dinner was the first event organised in our newly completed grand ball room. As one of the largest MICE (meetings, incentives, conventions and exhibitions) facilities in Phnom Penh, the demand for MICE facilities in NagaWorld is expected to be good as there are requests for reservation of our grand ball room since its completion.

Prospects

Our corporate vision is to become a world class corporation "with excellence in our products, people and profits" for the benefits of the host nation and all our shareholders.

Despite the uncertain global business outlook, we operate in an environment which is forecasted to register growth. Cambodia is a basic agricultural economy with 14 million population of largely rural population. Standard & Poor's still affirms (on 9 October 2008) a stable outlook for Cambodia, praises the country's economic strategies, pragmatic market friendly directions, fiscal policy as credit strength and ability to maintain a real GDP growth of 7% (MOEF forecast of 5%) in 2009, despite today's financial storms spread.

NagaCorp's conservative gaming policy may well suit in today uncertainty: no gearing, maximum table limit of USD50,000, catering for regional mid-size players and top competitive services continue to guide the strategic policies and directions of the Company. Cambodians reversed flow to home country as a result of political stability and unfavorable conditions in the West also help.

Some of the strategies include catering for the Macau "disappeared" gaming crowd. Part of the 2009 strategy of enticing operators and gaming patrons from Macau has recorded some interest from operators and players who would like to patronise NagaWorld.

To increase marketing pressure on the Indo-China catchment areas which include strategies attracting more home-coming Cambodians, VGP (Vietnam Ground Program) are seen to be effective.

NagaWorld would also promote proactive STG programs e.g. CRP (Complimentary Rated Program) with regional airlines like AirAsia and Shenzhen Airlines by bringing in suitably qualified players from China, Malaysia and Thailand. With little capex expenses and almost fully completed NagaWorld with low investments costs, NagaWorld can offer competitive complementary hotel accommodation, food and beverage and entertainment facilities for regional players. The low tax rate also helps a lot to allow NagaWorld to continue to devise strategic competitive STG programs.

NagaCorp has experience and sailed through difficult years before like the 1997 Asian Financial Crisis and SARs and has laid down strategies in place accordingly.

NagaWorld is a competitive product that offers attractive gaming and entertainment facilities.

NagaCorp remains profitable in 2008.

However, in a very uncertain world market, with the rapid deterioration of the world situations and the unpredictable external factors, NagaCorp is cautiously monitoring its business and hopefully in 2009 external factors will not badly affect the financial results in 2009.

CORPORATE GOVERNANCE PRACTICES

In the Directors' opinion, 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 Listing Rules for the financial year ended 31 December 2008.

The Company has engaged an independent professional party to review and/or audit internal controls of the Group with a focus on anti-money laundering. The independent professional party has performed their review and/or audit of the internal controls of the Group and will set out their findings in our annual report 2008 to be despatched to our shareholders.

The Company has also engaged another independent professional party to assess the investment risks in Cambodia and will set out their findings in our annual report 2008 to be despatched to our shareholders.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by Directors. Having made specific enquiry, the Company confirms that the Directors have complied with the required standards set out in the Model Code for the financial year ended 31 December 2008.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2008 have been reviewed by the audit committee of the Company which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

FINAL DIVIDEND

The Board recommends that the Final Dividend of US cents 0.13 per share (or equivalent to HK cents 1.01 per share) will take the form of a scrip dividend whereby the shareholders will receive 40% in cash and 60% in scrip shares as their scrip dividend entitlements (the "Scrip Dividend Scheme"). Subject to approval in the Annual General Meeting, the final dividend will be paid to shareholders whose names appear on the Company's register of members as at 18 May 2009.

The Scrip Dividend Scheme will be subject to the Stock Exchange granting the listing of and permission to deal in the new shares to be allotted thereunder (the "Scrip Shares"). For the purpose of determining the number of new shares to be allotted, the market value of the Scrip Shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the five consecutive trading days up to and including 18 May 2009 (the "Closing Prices"). Accordingly, the number of Scrip Shares which the shareholders will receive in respect of their shareholdings on 18 May 2009 under the Scrip Dividend Scheme will be calculated as follows:

$$\text{Number of Scrip Shares to be allotted} = \text{Number of existing Shares held on 18 May 2009} \times \frac{\text{The Final Dividend} \times 60\% \text{ in scrip shares}}{\text{The Closing Prices}}$$

The Scrip Shares to be issued will rank pari passu in all respects with the existing shares of the Company, except that they will not rank for the Final Dividend. The number of Scrip Shares to be allotted to each Shareholder will be rounded down to the nearest whole number. Fractional entitlements to Scrip Shares will not be allotted but will be aggregated and sold for the benefit of the Company.

Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders to be despatched on or about 21 May 2009. Dividend warrants or new share certificates for the Scrip Shares will be sent to the shareholders by post at the risk of those entitled thereto on or about 18 June 2009 and dealings of the Scrip Shares will commence on or about 18 June 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 12 May 2009 to 18 May 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the Final Dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4 :30 p.m. on 11 May 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company made six repurchases of its ordinary shares of US$0.0125 each from the open market traded on the Main Board of the Stock Exchange and made subsequent cancellation of the same for the period ended 31 December 2008. The Company had repurchased (i) on 3 April 2008, 1,880,000 ordinary shares of the Company at prices between Hong Kong dollars ("HK$")1.59 and HK$1.63 per share; (ii) on 21 November 2008, 454,000 ordinary shares of the Company at prices between HK$0.91 and HK$0.97 per share; (iii) on 25 November 2008, 950,000 ordinary shares of the Company at a price of HK$0.95; (iv) on 1 December 2008, 1,350,000 ordinary shares of the Company at prices between HK$0.93 and HK$0.95 per share; (v) on 2 December 2008, 1,450,000 ordinary shares of the Company at prices between HK$0.91 and HK$0.95 per share; (vi) on 3 December 2008, 480,000 ordinary shares of the Company at prices between HK$0.91 and HK$0.96 per share, and made subsequent cancellation of the shares thereof in accordance with the requirements under the Listing Rules. The total number of shares repurchased by the Company represented approximately 0.316% of the total number of its issued and fully paid share capital before the repurchase of such shares.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the Company's website at www.nagacorp.com. The annual report 2008 of the Company will also be published on the aforesaid websites in due course.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming Annual General Meeting will be held on 18 May 2009. The notice of the Annual General Meeting will be published and despatched to our shareholders in the manner as required by the Listing Rules in due course.

OUR APPRECIATION

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

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

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

Executive Directors
Tan Sri Dr Chen Lip Keong, Monica Lam Yi Lin and Angus Au-Yeung Wai Kai

Non-executive Director
Timothy Patrick McNally

Independent Non-executive Directors
Wong Choi Kay, Zhou Lian Ji, Leow Ming Fong, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Lim Mun Kee

Hong Kong, 26 February 2009

* *For identification purpose only*

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

For the purpose of this announcement, amounts denominated in US$ have been converted to HK$ at an exchange rate of US$1.0 to HK$7.8.