NAGACORP

ENTERING A GOLDEN AGE

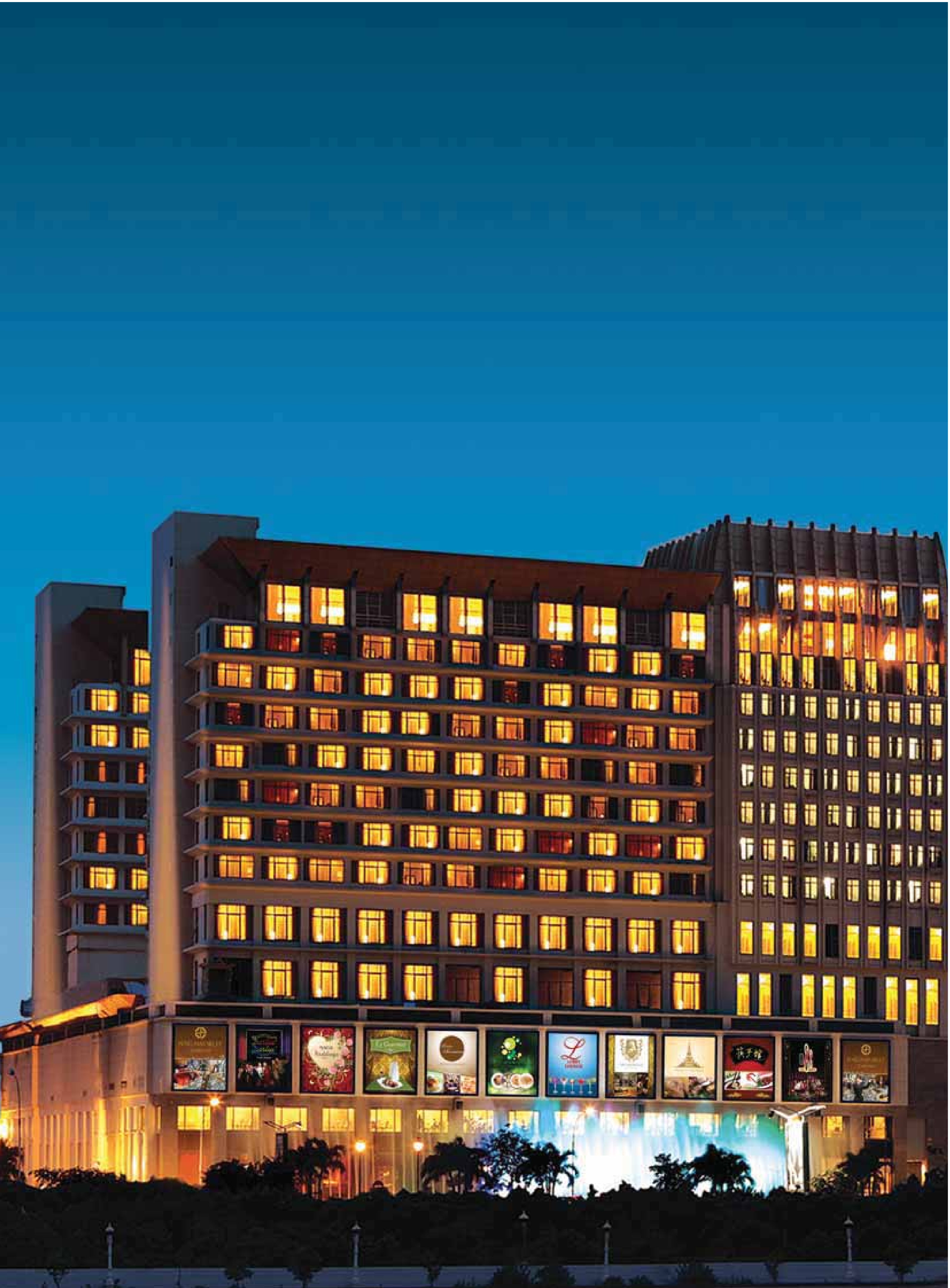
ANNUAL REPORT 2010

NAGACORP LTD. // 金界控股有限公司*

(Incorporated in Cayman Islands with limited liability)

STOCK CODE: 3918

*for identification purpose only



FORWARD MOTION

Cambodia is a fast developing nation with rapid infrastructure development and a growing affluence. Gross domestic growth of the country has been robust at an annual average of nearly 9% over the last 10 years, prior to the global economic crisis of 2009.

Cambodia is an increasingly popular travel and entertainment destination. Angkor Wat and NagaWorld are two of the most powerful tourist attractions in the Kingdom.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Tan Sri Dr Chen Lip Keong
(Chief Executive Officer)
Philip Lee Wai Tuck
(appointed on 31 May 2010 and 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

Leow Ming Fong
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
Lim Mun Kee
Michael Lai Kai Jin
(appointed as a Non-executive Director on 31 May 2010 and re-designated on 6 April 2011)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Tan Sri Dr Chen Lip Keong
(Chairman)
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
Leow Ming Fong
Lim Mun Kee
Chen Yepern
(appointed on 14 February 2011)
Michael Lai Kai Jin
(appointed on 6 April 2011)

NOMINATION COMMITTEE

Tan Sri Dr Chen Lip Keong
(Chairman)
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
Leow Ming Fong
Lim Mun Kee
Chen Yepern
(appointed on 14 February 2011)
Michael Lai Kai Jin
(appointed on 6 April 2011)

AML OVERSIGHT COMMITTEE

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

COMPANY SECRETARY

Ng Tien Che Margaret
(appointed on 20 December 2010)

AUTHORISED REPRESENTATIVES

Philip Lee Wai Tuck
(appointed on 20 December 2010)
Ng Tien Che Margaret
(appointed on 20 December 2010)

AUDITOR

BDO Limited

SOLICITORS

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

PRINCIPAL BANKER

Malayan Banking Berhad
(Phnom Penh Branch)

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2806, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

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

STOCK CODE

3918

COMPANY WEBSITE

www.nagacorp.com

Corporate Structure

NAGACORP

NagaCorp Ltd

100%
NagaCorp (HK) Limited

100%
Ariston Sdn Bhd ("Ariston")
Ariston
(Cambodian Branch)

Neptune Orient Sdn Bhd
("Neptune Orient")

Neptune Orient
(Cambodian Branch)

Ariston (Cambodia) Limited

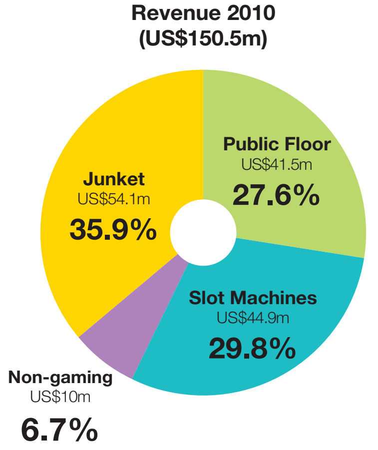
100%
NAGAWORLD LIMITED ("NWL")

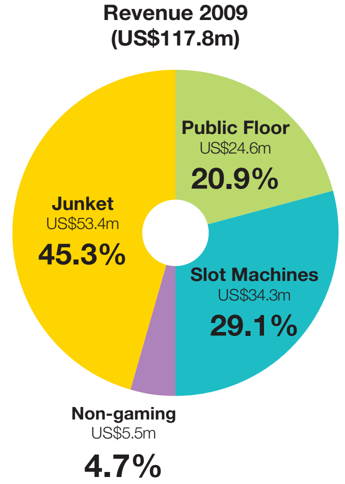
NWL
(Cambodian Branch)
- Hotel & Entertainment Branch

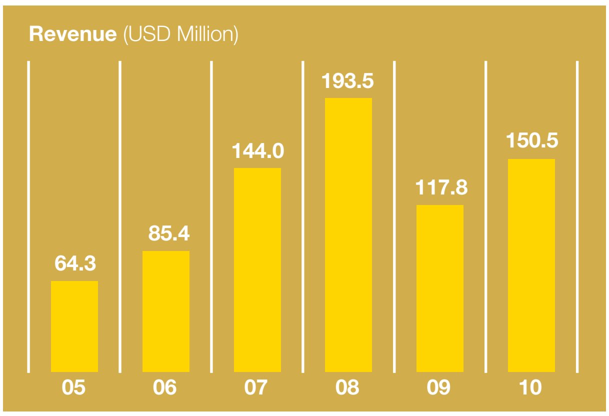
NWL
(Cambodian Branch)
- Gaming Branch

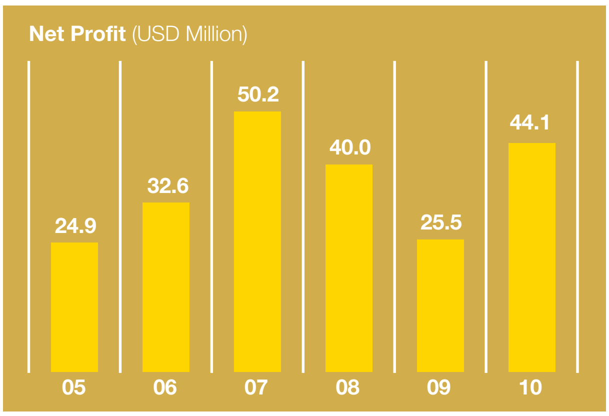
100%
Naga Entertainment Limited
Naga Sports Limited
Naga Services Limited
Naga Retail Limited
Naga Travel Limited
Naga Media Limited
Naga Management Limited

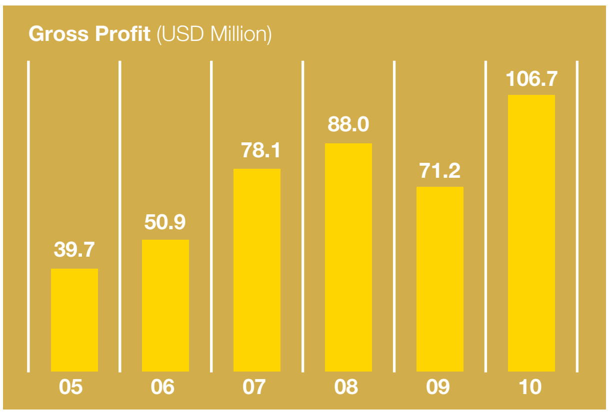
Financial Highlights







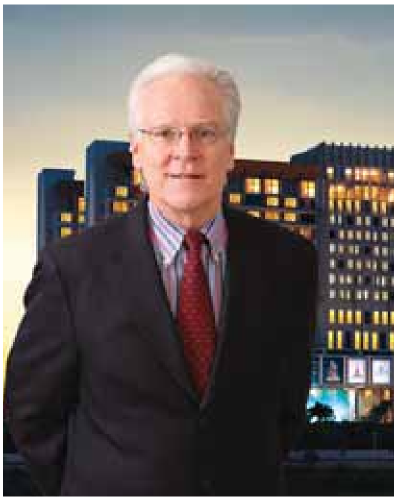




A NATION BUILDER

NagaCorp's corporate governance mandates our actions – as we earn money by participating in the growth of Cambodia, it is imperative that we give back to the country to further enhance the social welfare and economic progress of our host nation

Chairman & CEO's Statement



Timothy Patrick McNally Chairman

Dear Shareholders:

We are pleased to announce that NagaCorp Ltd. ("NagaCorp" or the "Company") reported a 73% increase in Net Profit of US$44.1 million for the 12 months ended 31 December 2010, amidst a competitive and robust gaming climate throughout the Asia Pacific region. NagaWorld continues to appeal to guests from a wide variety of backgrounds, cultures and interests – guests not only from the Asia Pacific region, but worldwide. With a built-up area of approximately 110,768 square meters, our scope and variety of entertainment positions us as a favorite destination in Indochina.

GROWING BUSINESS AMIDST A COMPETITIVE GAMING CLIMATE

Worldwide tourist arrivals for 2010 grew by 6.7% compared to 2009 (Source: World Tourism Organisation). Comparatively, tourism in Cambodia increased by approximately 16% to 2.5 million visitors during 2010 compared to 2009 (Source: Cambodia Ministry of Tourism). Sustained tourist arrivals in Cambodia, along with a stable political environment, have enabled the Group to continue penetrating into the mass gaming market and delivering on its business remodeling strategy. This remodeling has focused on a shift in our business mix and has meant more build-up of our public floors and gaming machines, driven by market demand. At the same time, we have maintained a prudent, conservative approach on our junket segment where margins are relatively thin due to commissions payable to junket operators.

We believe that this is the right strategy going forward and that there is favorable growth opportunity in the markets we have penetrated so far. Other target markets are also quickly becoming attractive for us.

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. Financial indicators have noted NagaWorld's competitive efficiency and margin levels compared to other gaming operations throughout the region. Notwithstanding the new gaming facilities which have been launched in Singapore and the record levels of revenue seen in Macau, NagaWorld has remained comparably in line with its regional competitors.

Tan Sri Dr Chen Lip Keong CEO

For the year ended 31 December 2010, revenue derived from non-junket business contributed 64% of the total revenue compared to 55% in 2009. This improvement on non-junket revenue has provided the Group with more stable revenue and higher margins, as well as an overall improved business mix.

During 2010 NagaWorld co-marketed and hosted promotional events. These efforts, along with streamlining and constantly improving the Group's food and beverage outlets, helped NagaWorld secure the 'Best Business Hotel' award at the sixth annual International Travel Expo (ITE) in Ho Chi Minh City – the largest travel event in Indochina. In addition to this regional award, two other national-level awards at the ITE – 'Best Business & MICE Hotel in Cambodia' and 'Best Integrated Entertainment Destination in Cambodia' – affirmed NagaWorld's stature as a destination in Indochina, well patronised by locals and overseas visitors. The Group's marketing and promotional work, as well as regional recognition, have resulted in an increase in non-gaming revenue from US$5.5 million in 2009 to US$10.0 million in 2010.

ATTRACTIVE DIVIDEND YIELD WITH DIVIDEND PAYOUT RATIO OF APPROXIMATELY 70%

The Board has resolved to declare a final dividend of US cents 0.77 per share (or equivalent to HK cents 6.00 per share) for the year ended 31 December 2010. The proposed final dividend, together with the interim dividend paid of US cents 0.71 per share, is US cents 1.48 per share (or equivalent to HK cents 11.5 per share), representing a dividend payout ratio of 70% for the year ended 31 December, 2010.

Based on the closing market price of HK$1.69 on 14 February 2011, the dividend yield was approximately 6.8%, which is impressive among gaming companies in the world.

Chairman & CEO's Statement (cont'd)

FUTURE PROSPECTS

During the year, we surpassed our revenue goals, achieving 73% increase in net profit compared to the same period last year. We achieved these results by staying focused on a remodeled strategy of building-up our public floor and gaming machines business, driven by market demand. This has resulted in a healthier and more efficient business mix, and has also produced lower earnings volatility for the Group. During this period, 64% of our total revenues were derived from these segments, compared to 55% for the same period in 2009.

We believe that our business remodeling strategy is the right direction going forward. The results from our public floor and gaming machines business have been achieved in parallel with maintaining a prudent, conservative approach on our junket business, where margins are relatively thin due to commissions payable to junket operators. This remodeling is part of an evolutionary process for NagaCorp and we feel positive about where it is taking us.

We believe that our integrated marketing strategy will continue to generate consistent results in the public floor and gaming machines segment of our business. Our marketing initiatives are positioned to pursue market opportunities as they emerge.

Our junket business continues to be an important component of our business model. After installing a conservative credit policy and relatively low table limit in 2009, and going through an adjustment period as a result of those changes, we are pleased to see our junket floor business making progress. The positive growth levels in this segment of our 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.

As we continue to push forward with our strategy of maintaining a conservative gaming policy aimed at regional mid-size players, and fostering relationships with key junket operators, we believe that we are on a positive trajectory toward steady growth in our junket floor business. Our focus is on sustaining our junket business on our terms, which includes a conservative credit policy and relatively low table limit. This business remodeling is part of our strategic focus on building sustainable, predictable results for our shareholders.

Tourist arrivals to Cambodia during 2010 represented an increase of approximately 16% to 2.5 million visitors. The majority of these visitors who come to Phnom Penh also visit NagaWorld, making our hotel and entertainment complex one of the most visited sites in the Kingdom of Cambodia. We work with various local, regional and worldwide travel and tour professionals to bring tour groups to NagaWorld, reinforcing our status as a popular tourist destination. We believe that as long as the country's tourist numbers continue to increase, the number of visitors to NagaWorld will increase proportionately. This important component of our daily foot traffic is also a key in growing our mass market audience.

Our strategic priorities for 2011 are the following:

- Higher earnings – Pushing for greater regional gaming market share through providing innovative mass market appeal, as well as non-junket programs.
- Earnings stability – Lowering daily earnings fluctuations by maintaining popular and reasonable table limits and higher business volume from the mass market.
- Cost control and improving margins – Efficient and yet competitive commissions to operators, along with higher business volume from the mass market, where no commissions are paid.

- Continuing to maintain a solid cash position – gaming on cash terms only. Achieving these priorities and continuing on our positive trajectory will require focus and tenacity. Specifically, we will:
    1) Continue driving our mass market growth by tapping into economically burgeoning markets through focused marketing initiatives, and adding additional slots and gaming tables as appropriate.
    2) Continue our prudent junket strategy – this includes pursuing new markets and continuing to position ourselves as the number one destination for mid-size junket players.

Our corporate vision is to become a world class corporation 'with excellence in our products, people and profitability' for the benefit of the host nation and all of our shareholders. With a strong management team in place, NagaWorld is intent on positioning itself as one of Indochina's premier tourist destinations, offering international standard services and products to our customers and visitors coming from surrounding and growing economies. The success of our gaming and entertainment business will, in turn, benefit Cambodia as a host nation and continue generating return for the Company, its shareholders and investors.

SOCIAL RESPONSIBILITIES

In order to maintain the strategic position of the company and its monopoly and favorable tax status, NagaWorld continues to devise private and public sector participation programs.

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

CORPORATE GOVERNANCE

The company 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.

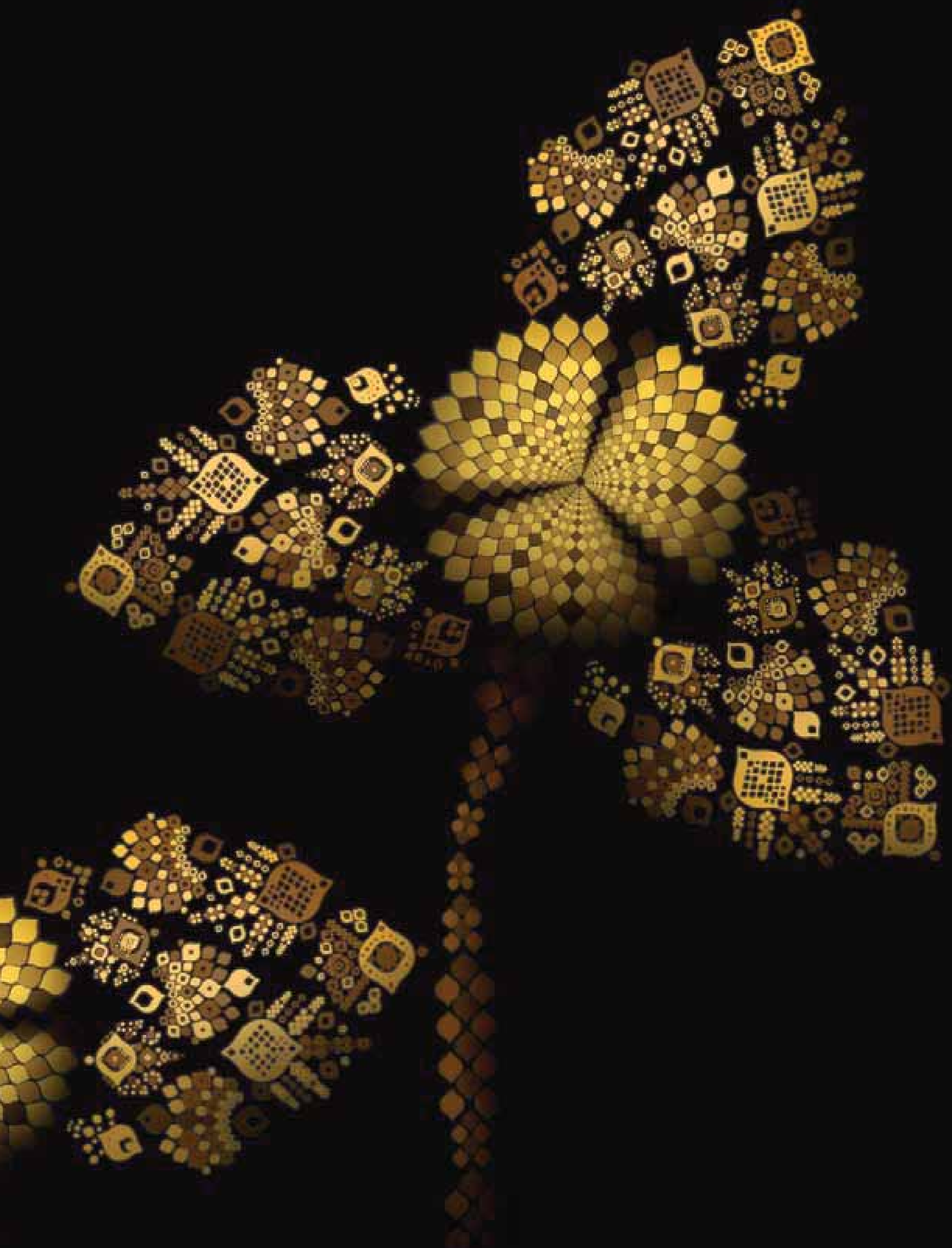
OUR APPRECIATION

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
Chairman

Tan Sri Dr Chen Lip Keong
Chief Executive Officer

Hong Kong
14 February 2011



A RISING INDUSTRY

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

Management Discussion & Analysis

NagaWorld is now recognised as a social, recreational, events, business and tourist destination in Cambodia and is well patronised by locals and overseas visitors.

NagaCorp owns, manages and operates NagaWorld, the only licensed casino in Phnom Penh, the capital city of Cambodia. In addition to our casino complex, NagaWorld has world-class hotel and entertainment facilities with a 506-room hotel, 12 food and beverage outlets, a nightclub, karaoke lounge and spa. NagaWorld is also widely recognised as a popular venue for meetings, incentives, conventions and exhibitions ('MICE') in Indochina. NagaWorld's 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.

Our 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. With a built-up area of approximately 110,768 square meters, our scope and variety of entertainment positions us as a favorite destination in Indochina.

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 10 November 2010 the Company made an interim dividend payment of US cents 0.71 per share (or equivalent to HK cents 5.54 per share) during the year ended 31 December 2010. The Board has also resolved to recommend payment of a Final Dividend of US cents 0.77 per share (or equivalent to HK cents 6.00 per share) for the year ended 31

December 2010, proposed to be declared by the Company at the 2011 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 2010 and comparative prior year:

	2010 US$'000	2009 US$'000
Public Floor Gaming Tables		
- Revenue	**41,517**	24,566
- Win rate (Hold rate)	**20.4%**	16.3%
Slot Machines		
- Revenue	**44,888**	34,298
- Win rate (Hold rate)	**12.7%**	13.4%
- No. of machines at end of period	**1,032**	618
Junket Floor Gaming Tables		
- Revenue	**54,099**	53,366
- Win rate	**2.3%**	2.3%
- No. of visitors (persons)	**7,928**	11,368
Hotel and Entertainment Operations		
- Revenue	**10,013**	5,540
- Average room occupancy rate	**60%**	34%

Amidst a competitive and robust gaming climate throughout the Asia Pacific region, net profit for the year ended 31 December 2010 increased by 73% to approximately US$44.1 million, compared to approximately US$25.5 million in 2009. The Company's net profit was partnered with a gross profit increase of 50% to approximately US$106.7 million for the year ended 31 December 2010, from US$71.2 million in 2009.

Management Discussion & Analysis (cont'd)

The Company's gross profit margin was 71% for the year ended 31 December 2010, which improved from 60% in 2009. Revenue increased by 28% to approximately US$150.5 million for the year ended 31 December 2010, from approximately US$117.8 million in 2009. Earnings before interest, tax, depreciation and amortisation was approximately US$61.9 million for the year ended 31 December 2010, and US$37.9 in 2009. Profit before taxation increased by 74% to approximately US$47.9 million, from approximately US$27.6 million in 2009.

Public Floor Gaming Tables

Revenue growth from our public floor gaming tables is a clear indicator that our revised business strategy focusing on the mass gaming market is the right direction in the evolution of our business. By concentrating on and developing untapped markets, revenue increased by 69% from US$24.6 million for the year ended 31 December 2009 to US$41.5 million in 31December 2010, as a result of improved win rates, from 16.3% in 2009 to 20.4% in 2010.

Gaming Machine Stations

The growth of our gaming machine business has been fueled by both a demand for the up-to- date gaming machines we offer, the Group's targeted marketing initiatives, and continued enforcement of the closure of other slot machine and sports betting station outlets in Phnom Penh.

As at 31 December 2010, the number of slot stations was 1,032, compared with 618 as at 31 December 2009. The sustained demand growth for gaming machines at NagaWorld has driven total revenue from the gaming machine stations part of the business to US$44.9 million for the year ended 31 December 2010, representing an increase of 31% over revenue of US$34.3 million in 2009. Win rates for our gaming machines dropped slightly, from 13.4% for 2009 to 12.7% for 2010.

Junket Floor Tables

Our junket business continues to be an important component of our business model. After installing a conservative credit policy and relatively low table limit in 2009, and going through an adjustment period as a result of those changes, we are pleased to see our junket business making good progress. This progress has 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.

As we continue to push forward with our strategy of maintaining a conservative gaming policy aimed at regional mid-size players, and fostering relationships with key junket operators, we believe that we are on a positive trajectory toward steady growth in our junket floor business.

For the year ended 31 December 2010, revenue from our junket business was US$54.1 million, compared to US$53.4 million in 2009. Revenue from our junket floor tables accounted for 36% of our total revenue for the year ended 31 December 2010, compared to 45% in 2009.

There were approximately 7,928 junket players who visited our casino for the year ended 31 December 2010 compared to 11,368 junket players in 2009. The win rate of our junket business remains unchanged at 2.3% for the period ended 31 December 2009 and 2010 respectively.

Hotel and entertainment operations

Hotel and entertainment operations represent the non-gaming revenue in NagaWorld. During the second half of 2010, NagaWorld's Italian restaurant Bistro Romano and Korean Grill were redesigned and opened to reflect a more sophisticated dining experience and a Chinese fine-dining outlet, Fortune Palace, was also added to the property's multiple choices of cuisine. This has increased NagaWorld's total number of food and beverage outlets to 12.

NagaWorld is widely recognised as a popular entertainment and 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.

For the year ended 31 December 2010, we derived a revenue of US$10.0 million from hotel and entertainment operations, representing an increase of 82% from revenue of US$5.5 million for the same period in 2009. The revenue was generated from providing hotel and entertainment services to both gaming and non-gaming patrons.

As our occupancy rates continue to rise, we expect to see the results flow through to the mass market segment of our business.

Gross Profit

Gross profit margin improved from 60% for the year ended 31 December 2009 to 71% in 2010 due to a more efficient business mix, where 64% of total revenue was derived from the public floor, gaming machines and hotel and entertainment segments, as compared to only 55% in 2009. 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 Amortisation)

Administrative and other operating expenses before impairment losses, depreciation and amortisation increased by 29% to approximately US$42.0 million for the year ended 31 December 2010, from approximately US$32.5 million in 2009 generally due to higher operational costs required to support the increased level of business activity in 2010. Increases were recorded in fuel consumption for the operation and usage of various gaming, hotel spaces and additional food and beverage outlets opened in the third quarter of 2009, and promotional events hosted by NagaWorld. Staff related costs also increased due to the hire of experienced and qualified staff to enhance the operations and controls in NagaWorld.

Finance Costs

We did not incur any significant finance costs as there were no significant financing arrangements in 2010.

Net Profit

Profit attributable to shareholders of the Company, or net profit, increased by 73% to approximately US$44.1 million for the year ended 31 December 2010, from approximately US$25.5 million in 2009. Net profit margins were 29% and 22% for the years ended 31 December 2010 and 2009 respectively.

Earnings per share were approximately US cents 2.12 (HK cents 16.5 per share) and US cents 1.23 (HK cents 9.6 per share) for the years ended 31 December 2010 and 2009 respectively.

FINANCIAL REVIEW

Pledge of Assets

As at 31 December 2010, the Group had not pledged any assets for bank borrowings (2009: Nil).

Contingent Liabilities

As at 31 December 2010, the Group had no contingent liabilities.

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 2010, the Group had total cash and cash equivalents and fixed deposits at bank of approximately US$44.0 million (2009: approximately US$19.0 million).

As at 31 December 2010, the Group had net current assets of approximately US$61.4 million (2009: US$42.6 million). The Group had net assets of approximately US$308.7 million as at 31 December 2010 (2009: US$287.7 million).

As at 31 December 2010 and 2009, the Group had no outstanding borrowings.

Capital and Reserves

As at 31 December 2010, the capital and reserves attributable to owners of the Company was approximately US$308.7 million (2009: US$287.7 million).

Staff

As at 31 December 2010, the Group employed, on average, a work force of 3,270 (2009: 3,187) stationed mostly in Cambodia, Malaysia and Hong Kong. The remuneration and staff costs for the financial year were approximately US$18.1 million (2009: approximately US$16.9 million).

Employee benefits

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.

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 32% decrease in trade receivables from US$51.0 million to US$34.7 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$7.2 million in the year ended 31 December 2010 (2009: US$1.6 million) for certain trade receivables which the Group is of the opinion may not be fully recoverable.

Development of NagaWorld

NagaWorld today is a popular tourist destination. Our 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. Our facilities operate at an international standard and we are proud to continually receive praise and accolades from global media, investors and repeat guests.

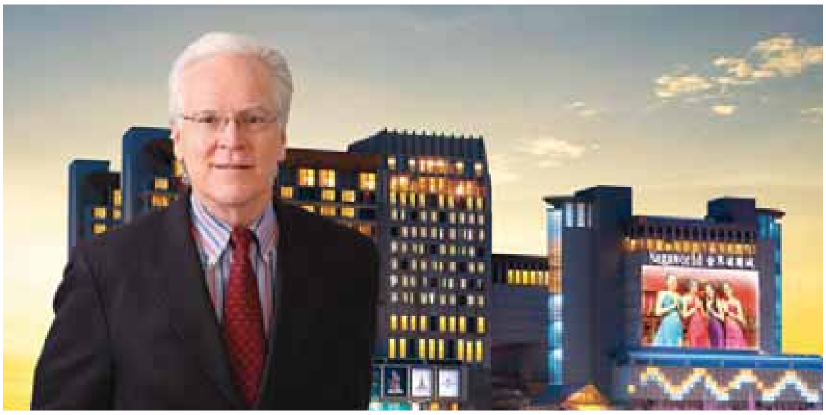
Our built-up area of approximately 110,768 square meters provides both scope and variety. A new lounge and club targeted toward sophisticated high-end local clientele is also being constructed, helping to ensure NagaWorld's competitive position on Indochina's fast-growing entertainment scene. Also, with the completion of the third wing in the coming year, it will house, among others, a rooftop swimming pool, health club, offices and an additional 220 hotel rooms. These incremental hotel rooms will be positioned at a lower price point to appeal to a wider segment of our casino guests.

All of our development efforts are aimed at strengthening NagaWorld's position as the gaming and entertainment hub of Indochina.

AN INTERNATIONAL PERSPECTIVE

The majority of visitors who come to Phnom Penh from around the world also visit NagaWorld, making our hotel and entertainment complex one of the most visited sites in the Kingdom of Cambodia

Directors' Profile



Timothy Patrick McNally Chairman

Mr. Timothy Patrick McNally, 63, 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, 63, 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.

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, 27, 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, an 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, 48, 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, an indirect wholly owned subsidiary 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 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.

Michael Lai Kai Jin

Independent Non-executive Director

Mr. Michael Lai Kai Jin, 41 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. Khattar Wong, 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.

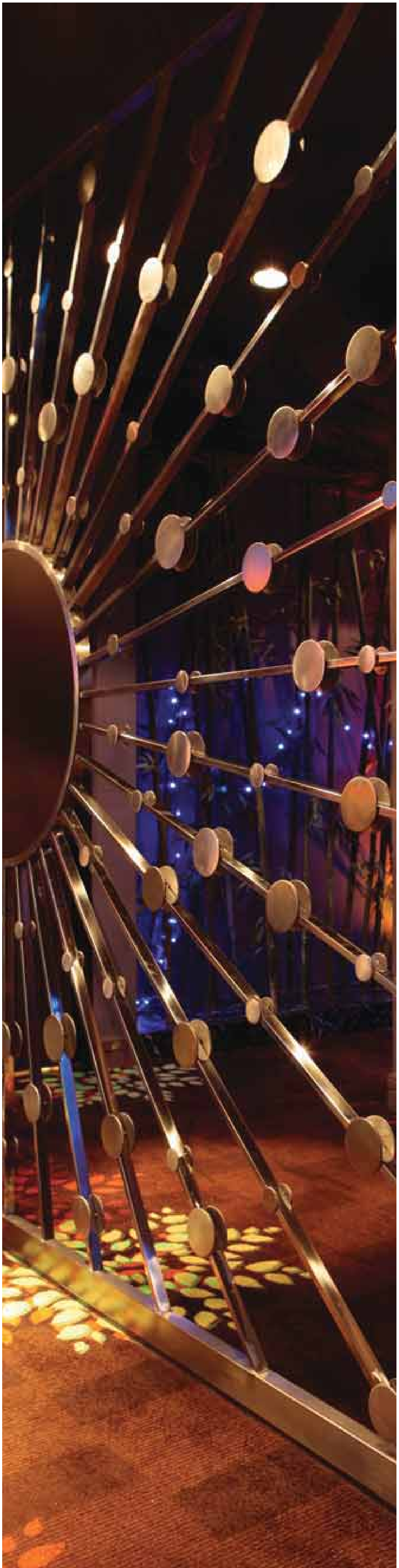
Save as disclosed above, Mr. Lai does not have any relationships with any other director, senior management or substantial or controlling shareholders of the Company nor any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Leow Ming Fong

Independent Non-executive Director

Mr. Leow Ming Fong , 61, has been an Independent Non-executive Director since 17 May 2007. Mr. Leow is a fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Chartered Accountants. Mr. Leow was a partner in KPMG Malaysia until his retirement in December 2005. He has over 30 years of audit experience in various industries, public listed companies in Malaysia and multinational companies.

Mr. Leow is an independent non-executive director of Malaysian public listed companies Kurnia Asia Berhad, Nan Fatt Corporation Berhad and Focus Point Holdings Berhad. Mr. Leow is also an independent non-executive director of Canadia Bank PLC, a bank incorporated in the Kingdom of Cambodia. Mr. Leow was an independent non-executive director of Karambunai Corporation Berhad, a Malaysian public listed company (which Tan Sri Dr. Chen Lip Keong is the controlling shareholder) until his resignation on 25 August 2010. Save as aforesaid, Mr. Leow is not a director in any company the securities of which are listed on any



securities market in Hong Kong or overseas in the past three years and does not hold any position with the Company or its subsidiaries.

Mr. Leow 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.

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir

Independent Non-executive Director

Mr. Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, 71, 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, 44, 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

EMBRACING SOCIO-COMMUNITY NEEDS

Since its inception in the mid-1990s, NagaCorp has maintained a firm belief that 'Money made from Society shall be reasonably returned back to Society'. This mantra has charted NagaCorp's course of action and commitment toward social responsibility, as well as 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.

Through its public and private participation program NagaCorp is a key participant in many charitable and nation building activities. The company positions itself as a key tourism icon, and in doing so has raised the international profile of both NagaCorp and Cambodia, enhancing tourism and attracting foreign investment since the early days of its nation building efforts. We have witnessed the sacrifices of the Cambodian people since our origins in the country and because of this 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

Since 2002, NagaCorp's in-house football team, NagaCorp FC has been allocated an annual budget by the company and actively promotes the sport. NagaCorp's team consists of 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.

In addition, NagaCorp donated US$150,000 to the Cambodia Football Association toward renovating and upgrading the football stadium in Phnom Penh.

Nagacorp is the main sponsor of the Khmer international boxing event, attended by six countries and held at the national stadium in Phnom Penh. The company also signed with the Cambodian Rugby Federation for title sponsorship of the inaugural NagaWorld Cambodian Rugby 7's in 2011.

Additionally, NagaCorp has signed an agreement with the National Olympic Committee of Cambodia (NOCC) to be the official hotel partner of NOCC for all international events in Cambodia.

2. EDUCATION

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.

Notably, NagaCorp has made significant contributions to two major universities in Cambodia:

1) University of Battambang: In a ceremony presided by the Cambodian Prime Minister, NagaCorp contributed US$100,000 toward building a library at the school

2) University of Svay Rieng: NagaCorp has given 100 scholarships over a period of three years to deserving, highly selected students at the university

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. Many participants of the school have progressed to positions as flight attendants, staff in several hotels, etc.

NagaCorp has trained thousands of young Cambodians, including the company's staff of approximately 3,200 employees, one of the largest work forces in the country. In 2010 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.

3. CAMBODIAN RED CROSS

The Cambodian 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 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 organisation, and to continually help the Red Cross achieve its goals, every year NagaCorp donates US$100,000 to the Cambodia Red Cross. In 2010, NagaCorp made a donation for this amount on the 147th Anniversary of the World Red Cross Red Crescent Day under the global theme "Saving Lives Changing Minds".

4. INFRASTRUCTURE

Since our beginnings, providing community well-being has been synonymous with the way NagaCorp practices its business. As a long term nation builder in Cambodia, we have helped build roads, drainage systems, housing, schools, temples, wells and hospitals.

Cambodia is still in its development stages towards becoming a fully evolved economy and NagaCorp feels that 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. In 2010 we donated at least US$600,000 toward various infrastructure projects in the Kingdom.

5. FOOD AND MEDICINE

Providing for the well-being of the less fortunate is a key component of NagaCorp's nation-building efforts. In many cases, that means providing food, medicine and supplies, particularly in remote areas of the country. During 2010 we donated US$150,000 to hospitals and other organisations that directly give food and medicine to those in greatest need.

6. HELPING MAINTAIN LAW AND ORDER

As Cambodia's society matures and prospers, maintaining law and order 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 carryout their broad responsibilities. During 2010 we donated US$300,000 toward maintaining Cambodia's civil order.

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 2010.

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 the Company, the Directors have confirmed that they have complied with the required standard set out in the Model Code for the financial year ended 31 December 2010.

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 four independent non-executive Directors namely, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, Mr. Leow Ming Fong 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 2010, 4 board meetings were held. Details of the attendance 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
Ms. Monica Lam Yi Lin (ceased on 31 May 2010)	1/4
Mr. Philip Lee Wai Tuck (appointed on 31 May 2010 and appointed Chief Financial Officer on 14 February 2011)	3/4
Mr. Chen Yepern (appointed on 14 February 2011)	N/A
Non-Executive Directors	
Mr. Timothy Patrick McNally *(Chairman)*	4/4
Mr. Chen Yiy Fon (resigned on 14 February 2011)	4/4
Independent Non-executive Directors	
Mr. Leow Ming Fong	4/4
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	4/4
Mr. Lim Mun Kee	4/4
Mr. Michael Lai Kai Jin (appointed as a Non-executive Director on 31 May 2010 and re-designated on 6 April 2011)	3/4

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 RESPONSIBILITES

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, 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 2010, 4 Audit Committee meetings were held and details of the attendance of the Audit Committee members are set out below:

Directors	**No. of meetings attended/held**
Independent Non-executive Directors	
Mr. Lim Mun Kee *(Chairman)*(appointed as Chairman on 31 May 2010)	4/4
Mr. Leow Ming Fong (resigned as Chairman and member on 31 May 2010)	1/4
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	4/4
Mr. Michael Lai Kai Jin (appointed on 31 May 2010 and re-designated as Independent Non-executive Director on 6 April 2011)	3/4

For the financial year ended 31 December 2010, 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, Tan Sri Dr Chen Lip Keong, Mr. Leow Ming Fong, Mr. Chen Yepern and Mr. Michael Lai Kai Jin. Tan Sri Dr Chen Lip Keong acts as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee are to make recommendations 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 2010, 2 Remuneration Committee meetings were held and details of the attendance of the Remuneration Committee members are set out below:

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

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, Mr. Lim Mun Kee, Tan Sri Dr Chen Lip Keong, Mr. Leow Ming Fong, Mr. Chen Yepern and Mr. Michael Lai Kai Jin. Tan Sri Dr Chen Lip Keong 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 2010, 2 Nomination Committee meetings were held and details of the attendance of the Nomination Committee members are set out below:

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

The Nomination Committee reviewed the composition of the Board during the year. The Board passed resolutions to appoint Mr. Chen Yepern as Executive Director and member of Remuneration Committee, Nomination Committee and AML Oversight Committee; Mr. Philip Lee Wai Tuck as Chief Financial Officer; and Mr. Eric Chan Weng Pern as Chief Marketing Officer of the Company. One of the retiring directors, Mr. Leow Ming Fong, has indicated that he will not offer himself for re-election at the forthcoming AGM. In view of this, the Nomination Committee has proposed and the Board has resolved the re-designation of Mr. Michael Lai Kai Jin from being a Non-executive Director to an Independent Non-executive Director and the appointment of Mr. Lai as a member of the Remuneration Committee, the Nomination

Committee and the AML Oversight Committee. The Nomination Committee and the Board are satisifed that Mr. Lai is independent and meets 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.

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, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, Mr. Leow Ming Fong shall retire from office by rotation at the forthcoming AGM. Mr. Chen Yepern, who was appointed to the Board on 14 February 2011, shall also retire at the forthcoming AGM. Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee and Mr. Chen Yepern, being eligible, will offer themselves for re-election. Mr. Leow Ming Fong, being eligible, will not offer himself for re-election and accordingly will cease to be a Director and a member of Remuneration Committee, Nomination Committee and AML Oversight Committee on conclusion of the forthcoming annual general meeting.

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. Leow Ming Fong, Mr. Chen Yepern and Mr. Michael Lai Kai Jin (appointed on 6 April 2011). The principal responsibilities 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 2010. 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 2010. 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 AUDITORS' 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 auditors 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.

AUDITORS' REMUNERATION

For the financial year ended 31 December 2010, the amounts paid to the external auditors of the Group in respect of the following services provided to the Group are set out below:

	2010 **US$**
Audit services	**326,000**

CHANGE IN INFORMATION OF DRIECTOR

Mr. Chen Yepern was appointed director of NagaWorld Limited and NagaCorp (HK) Limited, both subsidiaries 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(l) to Listing Rules.

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 31 May 2010, 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 31 May 2010, all the resolutions were dealt with by poll and were duly passed by the Shareholders.

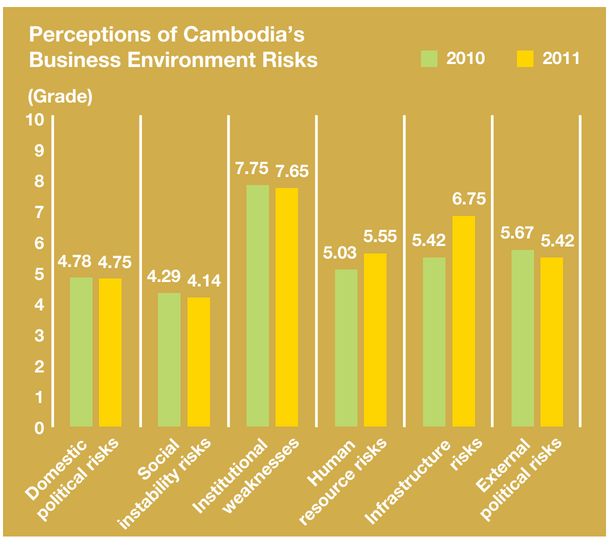
Independent Review of Investment Risks in Cambodia

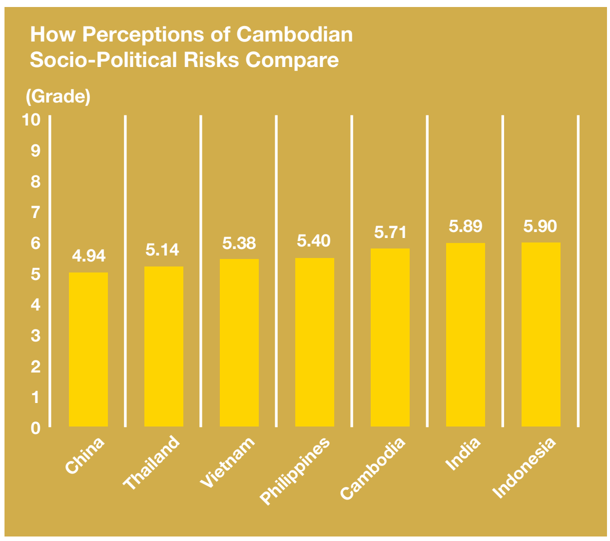
Political and Economic Risk Consultancy, Ltd. (“PERC”)
20/F, Central Tower
28 Queen’s Road, Central
Hong Kong

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 late November 2010 and January 2011, we summarised our findings below:





Grades range from zero to 10, with 0 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 5.71 (slightly worse than one year ago), domestic political and social conditions have improved compared with the year before, as have external risks. However, the improvement in the economy has also put pressure on the country's human and physical infrastructure capabilities, which are improving but not fast enough to support all the new demand. Scores for these sections have therefore worsened from one year ago.

Cambodia's risks are in line with those of Asia's other developing economies. Its economy has bounced back from the recession of 2009 and is now enjoying moderate growth (5%-6% in real terms) with low inflation. Cambodia has less developed institutions and infrastructure than many other Asian countries, but this means it has also avoided some of the problems of other countries like a worrying level of non-performing loans and volatile capital flows that cause exchange rate volatility.

Positive Developments

- Cambodia's domestic political situation is stable. The risks of a coup are low. Prime Minister Hun Sen does not face a serious challenger even with the ruling Cambodian People's Party (CPP). The opposition is weak and divided and is unlikely to make much headway against the CPP in either the 2012 commune elections or the next national elections scheduled for 2013.
- The government maintains strong, stable relations with the governments of countries that are most important to Cambodia's economic development, namely, China, the US, Korea, Japan, EU members, Australia and most ASEAN nations, especially Vietnam, Malaysia and Singapore. The one exception is Thailand (see Challenges below).
- There is a consistency to government policies that reduces the risks of shocks or changes in direction that could be upsetting for business, especially relating to tourism. The government has successfully steered the country through the global recession and the economy is now enjoying moderate growth, increasing employment, low inflation, and improving external accounts.
- Tourism rebounded in 2010, underpinning the travel, hotel and gaming sectors. Prospects for 2011 are for more strong growth in the number of foreign visitors, let by Vietnamese, Chinese and South Koreans.
- Over the past two years, Cambodia has enjoyed more exchange rate stability vs. the US dollar than any other Southeast Asian country, enhancing its competitiveness as a manufacturing base and a site attractive to foreign travelers, particularly from countries with appreciating currencies like China, Japan, Korea and wealthier ASEAN countries.

The Challenges

- The biggest challenges Cambodia faces going into 2011 and 2012 – and the main reasons why risks this year are higher than one year ago despite the improvement in the economy – relate to human and physical infrastructure inadequacies. The country's key industries are growing faster than the ability of the education system to turn out enough trained manpower and the government's ability to build new physical infrastructure to support the extra demand. Consequently, several bottlenecks are developing like shortages of qualified staff companies need to expand operations and maintain quality standards, growing traffic congestion in Phnom Penh, and crowd control capabilities needed to prevent and deal with disasters like last November's deadly stampede at a major festival in the capital.

- The country's institutional capacity, although improving, remains weak and uneven. This adds to business costs, increases inefficiency, and makes it difficult to deal with problems like corruption, unclear and excessive regulations, and bureaucratic inertia.
- High fuel and energy costs are compounding other problems like expensive trucking, storage and other logistical services.
- Cambodia is a victim of Thailand's domestic political turmoil. Factions vying for political power in Thailand have tried to help their own agenda while undermining rivals by accusing the Thai government of not doing enough to defend what they claim is Thai territory now occupied by Cambodia. In fact, the territory in question belongs to Cambodia, but the government in Phnom Penh still has to divert military and financial resources to deal with this problem; the dispute is hurting tourism and trade between the two countries; and it is a diversion that could slow ASEAN's effective integration as an economic area in ways that would benefit Cambodia.

Robert Broadfoot
Managing Director
PERC

Hong Kong, 1 February 2011

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. Over 1,200 corporations and financial institutions worldwide currently 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.
1701-05 Tower One
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. The reviews were conducted in November 2010 and January 2011 for the past yea to 31 December 2010.

The reviews focused on internal compliance with Financial Action Task Force ("FATF") recommendations. During the recent review, H&A did not make contact with Financial Investigation Unit ("FIU") at the National Bank of Cambodia as sufficient updates on the progress of enforcement in Cambodia, from the point of view of the FIU had been received during our two most recent past reviews. However, Hill & Associates did make 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.

The 2009-2010 APG Report, published in October 2010 remarks positively upon the pro-active stance of the Cambodian Government in anti-money laundering. In particular the Report refers to the assistance given by the NPC in hosting the 2009 Typologies Workshop in Siem Reap, which was tended by over two hundred regional delegates. Neither FATF nor APG have made any negative assessment of Cambodia's controls with respect to their ongoing implementation and development.

Our review team noted the continued development of NagaCorp as a resort destination and the expansion of gaming operations. It was noted that the senior staff team has been strengthened since the last review, with three new senior executives in place, one of whom, Anthony Stone, is now on the AML Sub-Committee. H&A noted that NagaCorp management had maintained their disciplined compliance with all FATF recommendations at the operational level.

The continued increased internal scrutiny applied by internal audit was again recognized by the H&A team to be particularly beneficial to enhancing 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.

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, 25 January 2011

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

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 2010.

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, South of Samdech Decho Hun Sen's 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	6%	6%
Five largest junket operators in aggregate	23%	47%

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 2010.

RESULTS

The profit of the Group for the year ended 31 December 2010 are set out in the consolidated financial statements on page 48.

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 107.

TRANSFER TO RESERVES

The profit attributable to equity Shareholders of the Company, before dividends, of US$44,061,000 (2009: US$25,468,000) have been transferred to the reserves. Other movements in reserves are set out in note 26 to the consolidated financial statements.

An interim dividend of US cents 0.71 per share (2009: US cents 0.33 per share) was declared in August 2010 and paid in November 2010. The Directors proposed the payment of a final dividend of US cents 0.77 per share (2009: US cents 0.40 per share) for the financial year ended 31 December 2010. 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$1,865,000 (2009: US$1,064,000) and all donations were made in Cambodia.

FIXED ASSETS

During the year, the Group acquired fixed assets for approximately US$17.0 million (2009: US$33.8 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 26 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/N/M

Monica Lam Yi Lin	(Ceased on 31 May 2010)
Philip Lee Wai Tuck	(Appointed on 31 May 2010)
Chen Yepern R/N/M	(Appointed on 14 February 2011)

Non-executive directors:

Chen Yiy Fon R/N/M	(Resigned on 14 February 2011)
Michael Lai Kai Jin A	(Appointed on 31 May 2010)

Independent non-executive directors:

Leow Ming Fong R/N/M

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir A/R/N

Lim Mun Kee A/R/N

Notes:

A: Member of Audit Committee

R: Member of Remuneration Committee

N: Member of Nomination Committee

M: Member of Anti-Money Laundering ("AML") Oversight Committee

In accordance with the Articles of the Company, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee and Mr. Leow Ming Fong shall retire from office by rotation at the forthcoming AGM. Mr. Chen Yepern, who was appointed to the Board on 14 February 2011, shall retire at the forthcoming AGM. Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee and Mr. Chen Yepern, being eligible, will offer themselves for re-election. Mr. Leow Ming Fong, being eligible, will not offer himself for re-election and accordingly will cease to be Director and member of Remuneration Committee, Nomination Committee and AML Oversight Committee on conclusion of the forthcoming annual general meeting.

Mr. Leow has confirmed that he has no disagreement with the Board and there are no other matters that need to be brought to the attention of the Shareholders or the Stock Exchange. The Board expresses its sincere gratitude to Mr. Leow for his contribution during his tenure of office.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Directors who held office at 31 December 2010 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 declared by Fourth Star Finance Corp. (Note 2)	735,517,323 (L)	35.33 (L)
Tan Sri Dr Chen Lip Keong	Beneficial owner (Note 3)	415,334,561 (L)	19.95 (L)

Notes:

(1) Details of the interest in the Company held by CDC are set out in the section headed "Substantial Shareholder's 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) Of the 415,334,561 shares of the company of which Tan Sri Dr. Chen Lip Keong is the direct beneficial owner, 55,087,775 shares were, as at 31 December 2010, the subject of a security interest in favour of Evolution Master Fund Ltd, SFC, Segregated Portfolio M.

(4) The letter "L" denotes the person's long position in the shares.

Save as disclosed above, as at 31 December 2010, 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, 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 2010, 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 Tower	162,260,443 (L)	7.79 (L)
Fourth Star Finance Corp (Note 1 & 2)	Trustee	735,517,323 (L)	35.33 (L)
Yardley Finance Limited (Note 3)	Security Interest	148,000,000 (L)	7.11 (L)
Chan Kin Sun (Note 3)	Interest of a controlled corporation	148,000,000 (L)	7.11 (L)
OSK Investment Bank (Labuan) Limited	Security Interest	236,956,383 (L)	11.38 (L)
Templeton Asset Management Ltd.	Investment Manager	125,288,208 (L)	6.02 (L)
Tradewinds Global Investors, LLC	Investment Manager	124,927,000 (L)	6.00 (L)

Note:

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

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

(3) Mr. Chan Kin Sun, through Yardley Finance Limited, is interested in 148,000,000 shares.

(4) 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 2010, 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 2010, 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 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.

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 32 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.

AUDITOR

BDO Limited acted as auditor of the Company and audited the Group's consolidated financial statements for the financial year ended 31 December 2010.

A resolution will be proposed at the forthcoming AGM of the Company to re-appoint the auditor, BDO Limited.

By order of the board

Timothy Patrick McNally
Chairman

Hong Kong, 14 February 2011

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 48 to 106, which comprise the consolidated and the Company's statements of financial position as at 31 December 2010, 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.

Independent Auditor's Report (cont'd)

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 2010, 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, 14 February 2011

Consolidated Statement of Income

For the Year Ended 31 December 2010 (Expressed in United States dollars)

	Note	2010 $'000	2009 $'000
Revenue	6	**150,517**	117,770
Cost of sales		**(43,832)**	(46,531)
Gross profit		**106,685**	71,239
Other income	7	**4,442**	774
Administrative expenses		**(30,957)**	(17,162)
Other operating expenses		**(32,232)**	(27,260)
Profit before taxation	8	**47,938**	27,591
Income tax	10	**(3,877)**	(2,123)
Profit attributable to owners of the Company	11	**44,061**	25,468
Earnings per share (US cents)	13	**2.12**	1.23

The notes on pages 56 to 106 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2010 (Expressed in United States dollars)

	2010 $'000	2009 $'000
Profit for the year	**44,061**	25,468
Other comprehensive income for the year		
Exchange adjustments	**(17)**	31
Total comprehensive income attributable to owners of the Company for the year	**44,044**	25,499

The notes on pages 56 to 106 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2010 (Expressed in United States dollars)

	Note	2010 $'000	2009 $'000
Non-current assets			
Property, plant and equipment	15(a)	**155,767**	149,410
Interest in leasehold land held for own use under operating lease	15(a)	**639**	647
Intangible assets	16	**87,483**	91,030
Trade receivables	18	**3,431**	4,091
		247,320	245,178
Current assets			
Consumables	19	**571**	281
Trade and other receivables	18	**24,936**	47,081
Deposit payments for purchase of raw materials	20	**5,737**	1,228
Fixed deposits at bank	21	**21,100**	4,000
Cash and cash equivalents		**22,852**	14,987
		75,196	67,577
Current liabilities			
Trade and other payables	23	**13,825**	15,748
Dividend payable		**—**	6,917
Current tax liability		**—**	240
Obligations under finance leases	24	**1**	2
Provisions	25	**—**	2,096
		13,826	25,003
Net current assets		**61,370**	42,574

Consolidated Statement of Financial Position (cont'd)

As at 31 December 2010 (Expressed in United States dollars)

	Note	2010 $'000	2009 $'000
Total assets less current liabilities		**308,690**	287,752
Non-current liabilities			
Obligations under finance leases	24	**3**	4
NET ASSETS		**308,687**	287,748
CAPITAL AND RESERVES	26		
Share capital		**26,026**	26,026
Reserves		**282,661**	261,722
TOTAL EQUITY		**308,687**	287,748

Approved and authorised for issue by the Board on 14 February 2011

Timothy Patrick McNally
Chairman

Tan Sri Dr Chen Lip Keong
Chief Executive Officer

The notes on pages 56 to 106 form part of these consolidated financial statements.

Statement of Financial Position

As at 31 December 2010 (Expressed in United States dollars)

	Note	**2010**	2009
		$'000	$'000
Non-current assets			
Property, plant and equipment	15(b)	**238**	289
Investments in subsidiaries	17	**15,500**	15,500
		15,738	15,789
Current assets			
Trade and other receivables	18	**194,416**	201,935
Cash and cash equivalents		**18**	18
		194,434	201,953
Current liabilities			
Trade and other payables	23	**9,152**	7,685
Dividend payable		**—**	6,917
		9,152	14,602
Net current assets		**185,282**	187,351
NET ASSETS		**201,020**	203,140
CAPITAL AND RESERVES	26		
Share capital		**26,026**	26,026
Reserves		**174,994**	177,114
TOTAL EQUITY		**201,020**	203,140

Approved and authorised for issue by the Board on 14 February 2011

Timothy Patrick McNally
Chairman

Tan Sri Dr Chen Lip Keong
Chief Executive Officer

The notes on pages 56 to 106 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2010 (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 2009		25,855	134,014	(12,812)	55,568	48	67,527	270,200
Changes in equity during the year 2009								
Profit for the year		—	—	—	—	—	25,468	25,468
Other comprehensive income		—	—	—	—	31	—	31
Total comprehensive income for the year		—	—	—	—	31	25,468	25,499
Issue and allotment of scrip shares		171	1,484	—	—	—	—	1,655
Dividend declared		—	—	—	—	—	(9,606)	(9,606)
		171	1,484	—	—	31	15,862	17,548
Balance at 31 December 2009 and 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	12	—	—	—	—	—	(23,105)	(23,105)
		—	—	—	—	(17)	20,956	20,939
Balance at 31 December 2010		26,026	135,498	(12,812)	55,568	62	104,345	308,687

The notes on pages 56 to 106 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2010 (Expressed in United States dollars)

	2010 $'000	2009 $'000
Operating activities		
Profit before taxation	**47,938**	27,591
Adjustments for:		
– Depreciation and amortisation	**10,422**	6,754
– Amortisation of casino licence premium	**3,547**	3,547
– Interest income	**(660)**	(3)
– Exchange loss, net	**144**	69
– Impairment loss on trade receivables	**7,219**	1,609
– Loss / (Gain) on disposal of property, plant and equipment	**27**	(2)
– Write-off of property, plant and equipment	**196**	127
– Reversal of provision for litigation	**(2,096)**	—
– Reversal of unredeemed chips-Poibos	**(940)**	—
– Write-back of trade payables	**(318)**	—
– Reversal of accruals of other tax and contingencies	**—**	(607)
Operating profit before changes in working capital	**65,479**	39,085
Increase in consumables	**(290)**	(95)
Decrease in trade and other receivables	**15,586**	13,014
Increase/(Decrease) in trade and other payables	**1,165**	(5,967)
Cash generated from operations	**81,940**	46,037
Tax paid	**(4,117)**	(1,922)

Consolidated Statement of Cash Flows (cont'd)

For the Year Ended 31 December 2010 (Expressed in United States dollars)

	2010 $'000	2009 $'000
Net cash from operating activities	**77,823**	44,115
Investing activities		
Interest received	**660**	3
Payment for the purchase of property, plant and equipment and for the construction cost of property	**(23,500)**	(33,754)
Proceeds from disposal of property, plant and equipment	**6**	33
Addition of fixed deposits at bank	**(17,100)**	(4,000)
Net cash used in investing activities	**(39,934)**	(37,718)
Financing activities		
Issue and allotment of scrip shares	**—**	1,655
Dividend paid	**(30,022)**	(2,689)
Repayment of finance leases	**(2)**	(3)
Net cash used in financing activities	**(30,024)**	(1,037)
Net increase in cash and cash equivalents	**7,865**	5,360
Cash and cash equivalents at beginning of year	**14,987**	9,627
Cash and cash equivalents at end of year	**22,852**	14,987
Analysis of cash and cash equivalents		
– Cash and bank balances	**22,852**	14,987

The notes on pages 56 to 106 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, South of Samdech Decho 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
Amendments to IAS 39	Eligible Hedged Items
Amendments to IFRS 2	Shares-based Payment - Group Cash-settled Share-based Payment Transactions
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IFRS 3 (Revised)	Business Combinations
IFRIC - Interpretation 17	Distributions of Non-cash Assets to Owners

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 34).

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.

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 35.

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.

4 PRINCIPAL ACCOUNTING POLICIES (cont'd)

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

Business combination from 1 January 2010

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 either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed.

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.

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.

Business combination prior to 1 January 2010

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated in the minority's proportion of the fair values of the assets and liabilities recognised.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations are capitalised as part of the cost of the acquisition.

4 PRINCIPAL ACCOUNTING POLICIES (cont'd)

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

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.

(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.

4 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(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)).

(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.

4 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(e) Financial assets (cont'd)

(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.

(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.

4 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(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.

4 PRINCIPAL ACCOUNTING POLICIES (cont’d)

(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.

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.

4 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(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).

(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.

4 PRINCIPAL ACCOUNTING POLICIES (cont'd)

(o) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediates, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the party is subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent or a close family member of such an individual or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence or be influenced by, that individual in their dealings with the entity.

(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 operating lease for the provision and maintenance of gaming machine stations which comprise a minimum profit share and fixed payments from gaming machine operations where third parties provide and maintain the gaming machine stations is recognised in profit or loss in equal instalments over the period of the contract, and any additional revenue relating to profit share arrangements are recognised 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.

(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:

	2010 $'000	2009 $'000
Casino operations	**95,616**	77,932
Income from gaming machine stations	**44,888**	34,298
Hotel room income, sales of food and beverages and others	**10,013**	5,540
	150,517	117,770

7 OTHER INCOME

	2010 $'000	2009 $'000
Interest income	**660**	3
Rental income	**132**	132
Reversal of accruals of other tax and contingencies	**—**	607
Reversal of provision for litigation (Note 29)	**2,096**	—
Reversal of unredeemed chips - Poibos	**940**	—
Write-back of trade payables	**318**	—
Others	**296**	32
	4,442	774

8 PROFIT BEFORE TAXATION

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

	2010 $'000	2009 $'000
(a) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	**18,113**	16,884
Contributions to defined contribution retirement scheme	**6**	6
Total staff costs	**18,119**	16,890
Average number of employees (Full-time equivalent)	**3,270**	3,187
(b) Other items:		
Auditor's remuneration		
- Current year	**221**	200
- Under-provision for prior year	**105**	52
Fuel expenses	**6,275**	4,735
Reimbursement of other taxes (note)	**—**	(530)
Amortisation of casino licence premium charged to other operating expenses	**3,547**	3,547
Depreciation and amortisation	**10,422**	6,754
Impairment loss on trade receivables	**7,219**	1,609
Write-off of property, plant and equipment	**196**	127
Loss/(Gain) on disposal of property, plant and equipment	**27**	(2)
Operating lease charges for land lease rental	**187**	187
Operating lease charges for office and car park rental	**457**	286
Operating lease charges for hire of equipment	**1,675**	1,563
Exchange loss, net	**144**	69

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

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	2010 Total $'000
Executive directors					
Tan Sri Dr Chen Lip Keong	—	—	240	—	240
Philip Lee Wai Tuck [(1)]	—	—	186	—	186
Monica Lam Yi Lin [(2)]	—	—	26	1	27
Non-executive directors					
Timothy Patrick McNally	—	222	—	—	222
Chen Yiy Fon	—	—	68	—	68
Michael Lai Kai Jin [(1)]	—	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

9 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT REMUNERATION (cont'd)

(a) Directors' remuneration (cont'd)

	Annual performance bonus $'000	Fees $'000	Basic salaries, allowances and benefits-in-kind $'000	Retirement scheme contributions $'000	2009 Total $'000
Executive directors					
Tan Sri Dr Chen Lip Keong	—	—	240	—	240
Monica Lam Yi Lin	—	—	66	2	68
Angus Au-Yeung Wai Kai	—	—	68	1	69
Non-executive directors					
Timothy Patrick McNally	—	170	—	—	170
Chen Yiy Fon	—	—	68	—	68
Independent non-executive directors					
Wong Choi Kay	—	10	—	—	10
Zhou Lian Ji	—	12	—	—	12
Jimmy Leow Ming Fong	—	26	—	—	26
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	—	26	—	—	26
Lim Mun Kee	—	26	—	—	26
Total	—	270	442	3	715

Notes:

(1) Appointed as director on 31 May 2010

(2) Ceased to be a director on 31 May 2010

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 2010 (2009: Nil).

(b) Senior management remuneration

Of the five individuals with highest emoluments, two (2009: two) are directors whose emoluments are disclosed in note 9(a). The aggregate of the emoluments in respect of the three individuals for the year ended 31 December 2010 (2009: three) are as follows:

	2010 $'000	2009 $'000
Basic salaries, housing and other allowances and benefits-in-kind	**1,022**	503

9 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT REMUNERATION (cont'd)

(b) Senior management remuneration (cont'd)

The emoluments of the three individuals (2009: three) with the highest emoluments are within the following bands:

	2010 Number of individuals	2009 Number of individuals
$Nil - $128,200 (approximately HK$Nil - HK$1,000,000)	**—**	—
$128,201 - $192,300 (approximately HK$1,000,001 - HK$1,500,000)	**—**	2
$192,301 - $256,400 (approximately HK$1,500,001 - HK$2,000,000)	**—**	1
$256,401 - $320,500 (approximately HK$2,000,001 - HK$2,500,000)	**2**	—
$320,501 - $384,600 (approximately HK$2,500,001 - HK$3,000,000)	**—**	—
$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:

	2010 $'000	2009 $'000
Current tax expense		
- Current year	**3,513**	2,162
- Under-provision in prior year	**364**	—
- Over-provision in prior year	**—**	(39)
	3,877	2,123

10 INCOME TAX (cont'd)

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

	2010 $'000	2009 $'000
Profit before taxation	**47,938**	27,591
Profits tax using Cambodian corporation tax rate of 20% (2009: 20%)	**9,588**	5,518
Tax exempt profits from Cambodian operations (note (a))	**(9,588)**	(5,518)
Obligation Payments (note (a))	**3,513**	2,162
Under-provision in prior year	**364**	—
Over-provision in prior year	**—**	(39)
	3,877	2,123

Notes:

(a) Income tax in profit or loss

Income tax represents monthly gaming Obligation Payment of $202,728 (2009: $180,202) and monthly non-gaming Obligation Payment of $90,000 (2009: $80,000) payable to the Ministry of Economy and Finance (the "MOEF") of Cambodia, and under-provision for non-gaming Obligation Payment in prior year of $364,000 by NWL Gaming Branch (2009: over-provision for minimum profits tax in prior year of $39,827 by NWL Hotel and Entertainment Branch). Both branches are registered in Cambodia under the name of NWL, a subsidiary of the Company incorporated in Hong Kong.

(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 2010, the Obligation Payments became $202,728 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 as explained above.

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 $90,000 per month for the year ended 31 December 2010. The monthly rate of non-gaming Obligation Payment will be reviewed annually.

10 INCOME TAX (cont'd)

Notes: (cont'd)

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

(ii) Corporate and other taxes on gaming activities (cont'd)

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 $20,985,000 (2009: $7,135,000) which has been dealt with in the financial statements of the Company.

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

	2010 **$'000**	2009 $'000
Interim dividend declared during the year:		
2010: US cents 0.71 per ordinary share	**14,742**	—
2009: US cents 0.33 per ordinary share	**—**	6,917
Final dividend proposed after the end of reporting period:		
2010: US cents 0.77 per ordinary share	**16,101**	—
2009: US cents 0.40 per ordinary share	**—**	8,363
	30,843	15,280

The interim dividend of $14,742,000 for the year ended 31 December 2010 was declared in August 2010 and paid in November 2010.

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of $44,061,000 (2009: $25,468,000) and the weighted average number of 2,082,078,875 (2009: 2,075,799,415) ordinary shares in issue during the year.

The weighted average number of ordinary shares is as follows:

	2010	2009
At 1 January	**2,082,078,875**	2,068,436,000
Issue and allotment of scrip shares	**—**	7,363,415
At 31 December	**2,082,078,875**	2,075,799,415

There were no dilutive potential ordinary shares in existence during the years ended 31 December 2010 and 31 December 2009.

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.

(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.

14 SEGMENT INFORMATION (cont'd)

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

	Casino operations $'000	Hotel and entertainment operations $'000	Total $'000
Segment revenue:			
Year ended 31 December 2009			
Revenue from external customers	112,230	5,540	117,770
Inter-segment revenue	—	4,568	4,568
Reportable segment revenue	112,230	10,108	122,338
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
Segment profit/(loss):			
Year ended 31 December			
2009	40,187	464	40,651
2010	51,765	12,588	64,353
Segment assets:			
As at 31 December			
2009	322,018	144,903	466,921
2010	332,121	157,019	489,140
Segment liabilities:			
As at 31 December			
2009	(11,739)	(159,119)	(170,858)
2010	(13,131)	(167,555)	(180,686)
Net assets/(liabilities):			
As at 31 December			
2009	310,279	(14,216)	296,063
2010	318,990	(10,536)	308,454

14 SEGMENT INFORMATION (cont'd)

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

	Casino operations $'000	Hotel and entertainment operations $'000	Total $'000
Other segment information			
Capital expenditure:			
Year ended 31 December			
2009	1,093	32,661	33,754
2010	263	16,734	16,997
Depreciation and amortisation:			
Year ended 31 December			
2009	4,754	5,484	10,238
2010	4,772	9,138	13,910
Income tax expense/(credit)			
Year ended 31 December			
2009	2,162	(39)	2,123
2010	3,877	—	3,877
Impairment loss on trade receivables			
Year ended 31 December			
2009	1,609	—	1,609
2010	7,219	—	7,219

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:

	2010 $'000	2009 $'000
Revenue		
Reportable segment revenue	**174,119**	122,338
Elimination of inter-segment revenue	**(23,602)**	(4,568)
Consolidated revenue	**150,517**	117,770
Profit		
Reportable segment profit	**64,353**	40,651
Other income	**—**	3
Depreciation and amortisation		
- reportable segment	**(13,910)**	(10,238)
- unallocated	**(59)**	(63)
Unallocated head office and corporate expenses	**(2,446)**	(2,762)
Consolidated profit before taxation	**47,938**	27,591
Assets		
Reportable segment assets	**489,140**	466,921
Elimination of inter-segment assets	**(168,180)**	(155,488)
	320,960	311,433
Unallocated corporate assets	**1,556**	1,322
Consolidated total assets	**322,516**	312,755
Liabilities		
Reportable segment liabilities	**(180,686)**	(170,858)
Elimination of inter-segment payables	**168,180**	155,488
	(12,506)	(15,370)
Unallocated corporate liabilities	**(1,323)**	(9,637)
Consolidated total liabilities	**(13,829)**	(25,007)

14 SEGMENT INFORMATION (cont'd)

(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	**Buildings**	**Capital work-in-progress**	**Renovations, furniture and fittings**	**Motor vehicles**	**Total property, plant and equipment**	**Interest in leasehold land held for own use under operating lease**
	$'000	$'000	$'000 (note (i))	$'000	$'000	$'000	$'000 (note (ii))
Cost:							
At 1 January 2009	15,042	40,989	52,688	21,495	1,688	131,902	751
Additions	3,807	—	29,423	406	118	33,754	—
Disposal	(1)	—	—	(2)	(100)	(103)	—
Written off	(297)	—	—	(305)	—	(602)	—
Transfer	—	9,896	(48,986)	39,090	—	—	—
At 31 December 2009	18,551	50,885	33,125	60,684	1,706	164,951	751
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

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 2009	4,826	1,071	—	2,856	589	9,342	96
Charge for the year	1,837	973	—	3,608	328	6,746	8
Disposal	—	—	—	—	(72)	(72)	—
Written off	(287)	—	—	(188)	—	(475)	—
At 31 December 2009	6,376	2,044	—	6,276	845	15,541	104
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
Net book value (note(iii)):							
At 31 December 2010	10,812	49,899	33,308	61,201	547	155,767	639
At 31 December 2009	12,175	48,841	33,125	54,408	861	149,410	647

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.

	2010 $'000	2009 $'000
Hotel and casino complex, Cambodia	**33,308**	33,125

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:

	2010 $'000	2009 $'000
Cambodia	**639**	647

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 (2009: $187,000), subject to increment for every 10 years, as shown in notes 5 and 27 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 $1,000 (2009: $5,000), and depreciation of $4,000 (2009: $3,000) 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 2009, 31 December 2009, 1 January 2010 and 31 December 2010	374	60	434
Accumulated depreciation:			
At 1 January 2009	70	21	91
Charge for the year	42	12	54
At 31 December 2009	112	33	145
At 1 January 2010	112	33	145
Charge for the year	39	12	51
At 31 December 2010	151	45	196
Net book value:			
At 31 December 2010	223	15	238
At 31 December 2009	262	27	289

16 INTANGIBLE ASSETS

	The Group	
Casino licence premium and extended exclusivity premium:	**2010 $'000**	2009 $'000
Cost:		
At 1 January and 31 December	**108,000**	108,000
Accumulated amortisation:		
At 1 January	**16,970**	13,423
Charge for year	**3,547**	3,547
At 31 December	**20,517**	16,970
Net book value	**87,483**	91,030

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	
	2010	2009
	$'000	$'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

(Expressed in United States dollars)

17 INVESTMENTS IN SUBSIDIARIES (cont'd)

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
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

The class of shares held is ordinary.

\# The financial statements of these subsidiaries were audited by a member firm of BDO International Limited for the year ended 31 December 2010.

@ 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 2010.

18 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2010 $'000	2009 $'000	**2010 $'000**	2009 $'000
Trade receivables – non-current assets (note)	**3,431**	4,091	**—**	—
Trade receivables – current assets	**31,295**	46,930	**—**	—
	34,726	51,021	**—**	—
Less: Allowance for impairment loss included in current portion	**(11,190)**	(3,971)	**—**	—
	23,536	47,050	**—**	—
Deposits, prepayments and other receivables	**4,343**	3,742	**255**	273
Amounts due from subsidiaries (note 22)	**—**	—	**193,860**	201,318
Amounts due from related companies	**488**	380	**301**	344
	28,367	51,172	**194,416**	201,935
Less: Trade receivables classified as non-current assets	**(3,431)**	(4,091)	**—**	—
Balance classified as current assets	**24,936**	47,081	**194,416**	201,935

Note: As at 31 December 2009, the balance is unsecured, bears interest at 8.5% per annum from 1 January 2011 and repayable by December 2011. 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	
	2010	2009
	$'000	$'000
Current to within 1 month	**916**	3,197
1 to 3 months	**3,610**	850
3 to 6 months	**1,538**	5,619
6 to 12 months	**174**	23,291
More than 1 year	**17,298**	14,093
	23,536	47,050

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

	The Group	
	2010	2009
	$'000	$'000
Less than 1 month overdue	**850**	429
1 to 3 months overdue	**3,610**	850
3 to 6 months overdue	**1,538**	5,619
6 to 12 months overdue	**174**	23,291
More than 1 year overdue	**12,862**	14,093
	19,034	44,282

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.

18 TRADE AND OTHER RECEIVABLES (cont'd)

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

	The Group	
	2010	2009
	$'000	$'000
At 1 January	**3,971**	2,362
Impairment loss recognised	**7,219**	1,609
At 31 December	**11,190**	3,971

The Group recognises impairment loss on individual assessments. The Group's credit policy is set out in note 31(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 6.0% to 8.0% (2009: 8.5%) per annum and mature in various periods up to December 2011 (2009: matures in December 2010).

22 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	The Company	
	2010	2009
	$'000	$'000
Amount due from Ariston	**104,986**	104,986
Amount due from NagaCorp (HK) Limited	**88,874**	96,329
Amounts due from other subsidiaries	**—**	3
Amounts due from subsidiaries	**193,860**	201,318
Amount due to subsidiary - NWL	**(9,096)**	(5,474)

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

23 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2010	2009	**2010**	2009
	$'000	$'000	**$'000**	$'000
Trade payables (note)	**444**	823	**—**	—
Unredeemed casino chips	**6,185**	3,147	**—**	—
Unredeemed chips – Poibos	**—**	940		
Deposits	**320**	15	**—**	—
Construction creditors	**3,514**	5,506	**—**	—
Accruals and other creditors	**3,362**	5,317	**56**	2,211
Amount due to subsidiary (note 22)	**—**	—	**9,096**	5,474
	13,825	15,748	**9,152**	7,685

23 TRADE AND OTHER PAYABLES (cont'd)

Note:

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

	The Group	
	2010	2009
	$'000	$'000
Due within 1 month or on demand	**407**	483
Due after 3 months but within 6 months	**15**	—
Due over 1 year	**22**	340
Total	**444**	823

24 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	The Group					
	2010			2009		
	Minimum lease payments	**Interest**	**Present value**	Minimum lease payments	Interest	Present value
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Less than one year	**2**	**(1)**	**1**	3	(1)	2
Between one and five years	**4**	**(1)**	**3**	6	(2)	4
	6	**(2)**	**4**	9	(3)	6

25 PROVISIONS

During the year ended 31 December 2010, the provision for litigation relating to the winnings of a Junket VIP group which had allegedly resorted to cheating has been fully reversed to profit or loss in accordance with Cambodia Decree Law No. 38, Article 25, pertaining to the statute of limitations under Cambodian law.

Please refer to note 29 for further details.

Notes to the Consolidated Financial Statements (cont'd)

(Expressed in United States dollars)

26 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 2009	25,855	134,014	(12,812)	55,568	48	67,527	270,200
Profit for the year	—	—	—	—	—	25,468	25,468
Dividend declared	—	—	—	—	—	(9,606)	(9,606)
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	31	—	31
Issue and allotment of scrip shares	171	1,484	—	—	—	—	1,655
At 31 December 2009	26,026	135,498	(12,812)	55,568	79	83,389	287,748
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**

26 CAPITAL AND RESERVES (cont'd)

(b) The Company

	Share capital $'000	Share premium $'000	Capital contribution reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2009	25,855	134,014	55,000	(10,913)	203,956
Profit for the year	—	—	—	7,135	7,135
Dividend declared	—	—	—	(9,606)	(9,606)
Issue and allotment of scrip shares	171	1,484	—	—	1,655
At 31 December 2009	26,026	135,498	55,000	(13,384)	203,140
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

(c) Share capital

(i) Authorised:

	2010 $'000	2009 $'000
8,000,000,000 ordinary shares of $0.0125 each	**100,000**	100,000

26 CAPITAL AND RESERVES (cont'd)

(c) Share capital (cont'd)

(ii) Issued and fully paid:

	2010 Number of shares	2010 $'000	2009 Number of shares	2009 $'000
Ordinary shares of $0.0125 each				
At 1 January	**2,082,078,875**	**26,026**	2,068,436,000	25,855
Issue and allotment of scrip shares	**—**	**—**	13,642,875	171
At 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 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.

26 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 2010, the aggregate amount of reserves available for distribution to owners of the Company was $174,994,000 (2009: $177,114,000) within which $55,000,000 (2009: $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 0.77 per ordinary share (2009: US cents 0.40 per ordinary share) amounting to $16.1 million (2009: $8.4 million). The dividend has not been recognised as a liability at the end of the reporting period.

27 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

	2010				2009			
	In respect of:				In respect of:			
	Land lease	**Office, staff quarters and car park rental**	**Equipment rental**	**Total**	Land lease	Office, staff quarters and car park rental	Equipment rental	Total
	$'000	**$'000**	**$'000**	**$'000**	$'000	$'000	$'000	$'000
Within 1 year	**187**	**305**	**1,536**	**2,028**	187	736	1,536	2,459
1 to 5 years	**748**	**285**	**2,598**	**3,631**	748	527	4,134	5,409
After 5 years	**20,865**	**—**	**—**	**20,865**	21,052	—	—	21,052
	21,800	**590**	**4,134**	**26,524**	21,987	1,263	5,670	28,920

The Company

	2010	2009
	$'000	$'000
In respect of office rental:		
Within 1 year	**267**	266
1 to 5 years	**254**	521
	521	787

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.

28 CAPITAL COMMITMENTS

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

	The Group	
	2010	2009
	$'000	$'000
Hotel and casino complex, Phnom Penh		
– contracted but not incurred	**32,847**	3,640

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

29 LITIGATION

Junket VIP group cheating case

A Junket VIP group comprising 20 members won approximately $2 million during the period from 23 April 2003 to 25 April 2003. Based on information provided and review of internal security records, the Group believes the Junket VIP group may have resorted to cheating in gambling. Therefore, NWL withheld the money and lodged a report to the Cambodia local court.

NWL lodged a report to the Cambodia Ministry of Interior's Police Headquarters and an order was issued by the police in Cambodia to NWL to withhold payment of monies to the Junket VIP group until their investigations were completed. On 11 June 2003, a charge warrant was issued by the Prosecutor of the Phnom Penh Municipal Court against certain Junket VIP group members. On 12 June 2003, the Phnom Penh Municipal Court issued an order temporarily restraining NWL from making the $2 million payment to the Junket VIP group until completion of the Phnom Penh Municipal Court's investigations.

In July 2003, the Junket VIP group members obtained a discharge warrant from the Phnom Penh Municipal Court discharging them from the criminal charges, and obtained a further warrant from the Phnom Penh Municipal Court cancelling their earlier order that restrained NWL from making payment to the Junket VIP group. NWL has filed an appeal in the Cambodia Appeal Court against both warrants.

NWL commenced a civil action in the Phnom Penh Municipal Court against the Junket VIP group members in respect of the disputed amount. On 29 August 2003, the Court of Appeal issued a warrant temporarily suspending the requirements of NWL from paying the $2 million to the Junket VIP group members, pending the judgement of the Cambodia Appeal Court. NWL, on 4 August 2003, received a further demand for the outstanding sum and has been threatened with possible legal action and publicity of the incident.

NWL considers that there is no obligation to pay the withheld money or compensate the Junket VIP group for legal costs. However, a provision was made in previous years for the Junket VIP group's winnings.

During the year ended 31 December 2010, the provision was fully reversed to profit or loss in accordance with Cambodia Decree Law No. 38, Article 25, pertaining to the statute of limitations under Cambodian law.

30 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 (2009: Nil) and there are no outstanding share options at the end of the reporting period (2009: Nil).

31 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.

31 RISK MANAGEMENT (cont'd)

(c) Credit risk

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.

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 66% (2009: 74%) of the total trade and other receivables that were due from the five largest operators.

As at 31 December 2010, the Group placed demand deposits and fixed deposits of $6,960,000 and $21,100,000 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 maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. 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:

	2010	2009
	$'000	$'000
Less than one year	**13,827**	22,668
Between one and five years	**4**	6
	13,831	22,674

31 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:

	2010		2009	
	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**	**9,930**	0.01 to 1.5	9,292
– Fixed term of 7 days or less	**0.01**	**11**	0.01	11
– Within one year	**6.0 to 8.0**	**21,100**	8.5	4,000
		31,041		13,303

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 2009 and 2010.

	2010 $'000	2009 $'000
Applicable deposit rate		
Increase by 100 basis points	**99**	93
Decrease by 100 basis points	**(99)**	(93)

31 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.

32 RELATED PARTY TRANSACTIONS

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

(a) Expenses

	2010	2009
	$'000	$'000
Travel expenses (note)	**256**	149

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 2010, amounts due from related companies of $488,000 (2009: $380,000) 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 $488,000 (2009: $380,000).

32 RELATED PARTY TRANSACTIONS (cont'd)

(b) Compensation of key management personnel

	2010 **$'000**	2009 $'000
Basic salaries, housing and other allowances and benefits-in-kind	**3,212**	2,801
Bonus	**56**	32
Retirement contribution scheme	**1**	2
	3,269	2,835

33 ULTIMATE CONTROLLING PARTY

At 31 December 2010, Tan Sri Dr Chen Lip Keong is interested in 1,313,112,327 ordinary Shares of the 2,082,078,875 issued ordinary Shares of the Company of which 415,334,561 ordinary Shares are registered in his name and the remaining 162,260,443 and 735,517,323 ordinary shares are registered in the name of and beneficially owned by the Cambodian 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.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW OR REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 31 DECEMBER 2010

Up to the date of issue of these consolidated financial statements, the IASB has issued the following amendments, new or revised standards and interpretations which are not yet effective for the annual accounting year ended 31 December 2010, potentially relevant to the Group's financial statements, and have not been early adopted in these consolidated financial statements.

IFRSs (Amendments)	Improvements to IFRSs 2010 [1&2]
IAS 24 (Revised)	Related Party Disclosures [2]
Amendments to IFRS 7	Disclosure - Transfer of Financial Assets [3]
IFRS 9	Financial Instruments [4]

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2013

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, amendments or interpretations will have no material impact on the results and the financial position of the Group.

35 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.

Five-year Financial Summary

(Expressed in United States dollars)

	2006 $'000	2007 $'000	2008 $'000	2009 $'000	**2010** **$'000**
Consolidated statement of income					
Revenue	85,412	144,024	193,485	117,770	**150,517**
Profit attributable to owners of the Company	32,618	50,200	40,010	25,468	**44,061**
Earnings per share (US cents) (note)	2.12	2.42	1.93	1.23	**2.12**
Dividend					
Interim dividend declared	18,000	14,000	15,341	6,917	**14,742**
Final dividend proposed after the end of reporting period	—	16,000	2,689	8,363	**16,101**
Special dividend proposed after the end of reporting period	10,000	—	—	—	**—**
Total dividend attributable to the year	28,000	30,000	18,030	15,280	**30,843**
Dividend per share (US cents) (note)	1.25	1.45	0.87	0.73	**1.48**
Consolidated statement of financial position					
Property, plant and equipment and interest in leasehold land held for own use under operating lease	47,542	92,212	123,215	150,057	**156,406**
Intangible assets	101,671	98,124	94,577	91,030	**87,483**
Other non-current assets	—	—	—	4,091	**3,431**
Net current assets	86,680	72,241	52,415	42,574	**61,370**
Employment of capital	235,893	262,577	270,207	287,752	**308,690**
Represented by:					
Share capital	25,938	25,938	25,855	26,026	**26,026**
Reserves	209,944	236,630	244,345	261,722	**282,661**
Shareholders' funds	235,882	262,568	270,200	287,748	**308,687**
Other non-current liabilities	11	9	7	4	**3**
Capital employed	235,893	262,577	270,207	287,752	**308,690**
Net assets per share (US cents) (note)	11.37	12.65	13.06	13.86	**14.83**

Note:

Earnings per share and net assets per share include the capitalised 57,667,509 ordinary shares of $0.0125 each which were allotted and distributed as fully paid to existing shareholders in the proportion of one for every 0.04 shares then held on 4 October 2006.

Notice
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 2011 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 2010 ("Year End").

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

3. To re-elect the following in accordance with the Articles of Association:

   A. Directors who have retired by rotation in accordance with Article 87(1):-

      i Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir as Independent Non-executive Director of the Company.

      ii Mr. Lim Mun Kee as Independent Non-executive Director of the Company.

   B. Director who has retired in accordance with Article 86(3):-

      iii Mr. Chen Yepern as 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 2011.

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;

(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, 18 April 2011

Notice Annual General Meeting (cont'd)

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 transfer books and register of members will be closed from 18 May 2011 to 24 May 2011, both days inclusive, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 May 2011.

(vi) In respect of ordinary resolution numbered 3 above, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee and Mr. Chen Yepern 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 18 April 2011.

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
Leow Ming Fong, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Lim Mun Kee and Michael Lai Kai Jin

CAMBODIA OFFICE, NAGAWORLD® BUILDING
Samdech Hun Sen Park
Phnom Penh, Kingdom of Cambodia
T: +855 23 228 822
F: +855 23 225 888
enquiries@nagaworld.com
www.nagaworld.com