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NAGACORP LTD.

金界控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3918

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

Financial Highlights for 2010:

- Total revenue increased by 28% to US\$150.5 million
- Gross profit increased by 50% to US\$106.7 million
- Net profit increased by 73% to US\$44.1 million
- Earnings per share of US cents 2.12 (US cents 1.23 per share in 2009)
- Proposed final dividend of US cents 0.77 per share (or equivalent to HK cents 6.00 per share)

The board of directors (the "Board") of NagaCorp Ltd. (the "Company" and together with its subsidiaries the "Group") is pleased to announce the consolidated financial results of the Group for the year ended 31 December 2010. The financial information for the year ended 31 December 2010 contained in this announcement was prepared based on the audited consolidated financial statements.

Having considered the Company's financial results, the Board has recommended the 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 (the "Final Dividend"). The proposed Final Dividend together with the interim dividend is US cents 1.48 per share (or equivalent to HK cents 11.5 per share), representing a dividend payout ratio of 70% in 2010.

CONSOLIDATED STATEMENT OF INCOME

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010 US\$'000	2009 US\$'000
Profit for the year	44,061	25,468
Other comprehensive income for the year		
- Exchange adjustments	(17)	31
	<hr/>	<hr/>
Total comprehensive income attributable to owners of the Company for the year	44,044	25,499
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2010 US\$'000	2009 US\$'000
Non-current assets			
Property, plant and equipment	8	155,767	149,410
Interest in leasehold land held for own use under operating lease		639	647
Intangible assets	9	87,483	91,030
Trade receivables	10	3,431	4,091
		247,320	245,178
		247,320	245,178
Current assets			
Consumables		571	281
Trade and other receivables	10	24,936	47,081
Deposit payments for purchase of raw materials	11	5,737	1,228
Fixed deposits at bank		21,100	4,000
Cash and cash equivalents		22,852	14,987
		75,196	67,577
		75,196	67,577
Current liabilities			
Trade and other payables	12	13,825	15,748
Dividend payable		-	6,917
Current tax liability		-	240
Obligations under finance leases		1	2
Provisions		-	2,096
		13,826	25,003
		13,826	25,003
Net current assets		61,370	42,574
Total assets less current liabilities		308,690	287,752
Non-current liabilities			
Obligations under finance leases		3	4
NET ASSETS		308,687	287,748
CAPITAL AND RESERVES			
Share capital	13	26,026	26,026
Reserves		282,661	261,722
TOTAL EQUITY		308,687	287,748

Notes:

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

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as “IFRS”) issued by the International Accounting Standards Board (the “IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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 IASB has issued certain amendments, revised standards and new interpretations that are first effective for the current accounting period of the Group. The adoption of these amendments, revised standards and new interpretations has no material impact on the consolidated financial statements of the Group for the current and prior periods.

The Group has not early adopted any amendments, new or revised standards or interpretations that are issued but not yet effective for the current accounting period. The directors of the Company anticipate their application will have no material impact on the consolidated financial statements.

2. Revenue

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

	2010	2009
	US\$'000	US\$'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
	<hr/>	<hr/>
	150,517	117,770
	<hr/> <hr/>	<hr/> <hr/>

3. Profit before taxation

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

	2010	2009
	US\$'000	US\$'000
Interest income	(660)	(3)
Reversal of accruals of other taxes and contingencies	-	(607)
Reversal of provision for litigation	(2,096)	-
Reversal of unredeemed chips – Poibos	(940)	-
Write-back of trade payables	(318)	-
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
- office and car park rental	457	286
- hire of equipment	1,675	1,563
Exchange loss, net	144	69
Staff costs (including directors' remuneration)		
- Salaries, wages and other benefits	18,113	16,884
- Contributions to defined contribution retirement scheme	6	6

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

4. Income tax

Income tax in profit or loss represents:

	2010	2009
	US\$'000	US\$'000
Current tax expense		
- Current year	3,513	2,162
- Under-provision in prior year	364	-
- Over-provision in prior year	-	(39)
	<hr/>	<hr/>
	3,877	2,123
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Income tax represents monthly gaming Obligation Payment of US\$202,728 (2009: US\$180,202) and monthly non-gaming Obligation Payment of US\$90,000 (2009: US\$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 US\$364,000 by NagaWorld Limited (“NWL”) Gaming Branch (2009: over-provision for minimum profits tax in prior year of US\$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.

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

5. Dividends payable to owners of the Company attributable to the year

	2010 US\$'000	2009 US\$'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 the reporting period:		
2010: US cents 0.77 per ordinary share	16,101	—
2009: US cents 0.40 per ordinary share	—	8,363
	<u>30,843</u>	<u>15,280</u>

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

6. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of US\$44,061,000 (2009: US\$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
	<u>2,082,078,875</u>	<u>2,075,799,415</u>
At 31 December	<u>2,082,078,875</u>	<u>2,075,799,415</u>

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

7. 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.

	Casino operations US\$'000	Hotel and entertainment operations US\$'000	Total US\$'000
<i>Segment revenue:</i>			
Year ended 31 December 2009			
Revenue from external customers	112,230	5,540	117,770
Inter-segment revenue	—	4,568	4,568
	<u>112,230</u>	<u>10,108</u>	<u>122,338</u>
Reportable segment revenue	<u>112,230</u>	<u>10,108</u>	<u>122,338</u>
Year ended 31 December 2010			
Revenue from external customers	140,504	10,013	150,517
Inter-segment revenue	—	23,602	23,602
	<u>140,504</u>	<u>33,615</u>	<u>174,119</u>
Reportable segment revenue	<u>140,504</u>	<u>33,615</u>	<u>174,119</u>
<i>Segment profit/(loss):</i>			
Year ended 31 December			
2009	40,187	464	40,651
2010	51,765	12,588	64,353
	<u>40,187</u>	<u>13,052</u>	<u>53,239</u>
Reportable segment profit	<u>40,187</u>	<u>13,052</u>	<u>53,239</u>
<i>Segment assets:</i>			
As at 31 December			
2009	322,018	144,903	466,921
2010	332,121	157,019	489,140
	<u>322,018</u>	<u>144,903</u>	<u>466,921</u>
Reportable segment assets	<u>322,018</u>	<u>144,903</u>	<u>466,921</u>
<i>Segment liabilities:</i>			
As at 31 December			
2009	(11,739)	(159,119)	(170,858)
2010	(13,131)	(167,555)	(180,686)
	<u>(11,739)</u>	<u>(167,555)</u>	<u>(179,294)</u>
Reportable segment liabilities	<u>(11,739)</u>	<u>(167,555)</u>	<u>(179,294)</u>
<i>Net assets/(liabilities):</i>			
As at 31 December			
2009	310,279	(14,216)	296,063
2010	318,990	(10,536)	308,454
	<u>310,279</u>	<u>(14,216)</u>	<u>296,063</u>
Reportable segment net assets	<u>310,279</u>	<u>(14,216)</u>	<u>296,063</u>

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

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 US\$'000	2009 US\$'000
Revenue		
Reportable segment revenue	174,119	122,338
Elimination of inter-segment revenue	(23,602)	(4,568)
	<hr/>	<hr/>
Consolidated revenue	150,517	117,770
	<hr/> <hr/>	<hr/> <hr/>
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)
	<hr/>	<hr/>
Consolidated profit before taxation	47,938	27,591
	<hr/> <hr/>	<hr/> <hr/>
Assets		
Reportable segment assets	489,140	466,921
Elimination of inter-segment assets	(168,180)	(155,488)
	<hr/>	<hr/>
Unallocated corporate assets	320,960 1,556	311,433 1,322
	<hr/>	<hr/>
Consolidated total assets	322,516	312,755
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	(180,686)	(170,858)
Elimination of inter-segment payables	168,180	155,488
	<hr/>	<hr/>
Unallocated corporate liabilities	(12,506) (1,323)	(15,370) (9,637)
	<hr/>	<hr/>
Consolidated total liabilities	(13,829)	(25,007)
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(b) Geographical information

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

8. Property, plant and equipment

The major additions during the year are construction costs in relation to NagaWorld of approximately US\$16,287,000.

9. Intangible assets

The intangible assets comprise the casino licence premium and the extended exclusivity premium of the casino licence for the exclusivity period to the end of 2035 for the consideration of US\$108 million, less accumulated amortisation of US\$20.5 million

(2009: US\$17.0 million).

10. Trade and other receivables

	2010 US\$'000	2009 US\$'000
Trade receivables — non-current assets (note)	3,431	4,091
Trade receivables — current assets	31,295	46,930
	<hr/>	<hr/>
	34,726	51,021
Less: Allowance for impairment loss included in current portion	(11,190)	(3,971)
	<hr/>	<hr/>
	23,536	47,050
Deposits, prepayments and other receivables	4,343	3,742
Amounts due from related companies	488	380
	<hr/>	<hr/>
	28,367	51,172
Less: Trade receivables classified as non-current assets	(3,431)	(4,091)
	<hr/>	<hr/>
Balance classified as current assets	<u>24,936</u>	<u>47,081</u>

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.

The ageing analysis of trade receivables (net of impairment losses) is as follows:

	2010 US\$'000	2009 US\$'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
	<hr/>	<hr/>
	23,536	47,050
	<hr/> <hr/>	<hr/> <hr/>

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

	2010 US\$'000	2009 US\$'000
At beginning of year	3,971	2,362
Impairment loss recognised	7,219	1,609
	<hr/>	<hr/>
At end of year	<u>11,190</u>	<u>3,971</u>

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 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.

11. 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.

12. Trade and other payables

	2010	2009
	US\$'000	US\$'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
	<u>13,825</u>	<u>15,748</u>

Note:

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

	2010	2009
	US\$'000	US\$'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
	<u>444</u>	<u>823</u>

13. Capital and reserves

	Share capital US\$'000	Share premium US\$'000	Merger reserve US\$'000	Capital contribution reserve US\$'000	Exchange reserve US\$'000	Retained profits US\$'000	Total US\$'000
At 1 January 2009	25,855	134,014	(12,812)	55,568	48	67,527	270,200
Profit for the year	—	—	—	—	—	25,468	25,468
Dividend declared (note)	—	—	—	—	—	(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 (note)	—	—	—	—	—	(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

Note: The dividend declared and paid during the year ended 31 December 2010 comprises the 2009 final dividend of US\$8,363,000 which was paid in August 2010 and the 2010 interim dividend of US\$14,742,000 which was paid in November 2010.

Share capital

(i) Authorised:

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

(ii) Issued and fully paid:

	2010		2009	
	Number of shares	US\$'000	Number of shares	US\$'000
Ordinary shares of US\$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.

MANAGEMENT DISCUSSION & ANALYSIS

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 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.

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 <i>US\$'000</i>	2009 <i>US\$'000</i>
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%
- Number of visitors (persons)	7,928	11,368
Hotel and Entertainment Operations		
- Revenue	10,013	5,540
- Average room occupancy rate	60%	34%

Net profit for the year ended 31 December 2010 increased by 73% to approximately US\$44.1 million, amidst a competitive and robust gaming climate throughout the Asia Pacific region. This 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.

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. Earning 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.

BUSINESS OVERVIEW

Worldwide tourist arrivals grew by 7% in the first eight months of 2010 compared to 2009 (Source: World Tourism Organisation). Comparatively, tourism in Cambodia increased by approximately 17% to 2.3 million visitors for the first 11 months of 2010 compared to the corresponding period in 2009 (Source: Cambodia Ministry of Tourism). Sustained tourism 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 driving steady growth in gaming revenue. In fact, financial indicators point to NagaWorld's competitive efficiency and margin levels compared to other gaming operations throughout the region. Even as new gaming facilities have been launched in Singapore, and Macau sees record levels of revenue, NagaWorld has remained comparatively in line with its regional competitors.

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 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 country-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, has resulted in an increase in non-gaming revenue from US\$5.5 million in 2009 to US\$10.0 million in 2010.

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 31 December 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, not only was NagaWorld's Italian restaurant Bistro Romano, along with its Korean Grill restaurant redesigned and opened to reflect a more sophisticated dining experience, but 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 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 derived 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.

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 on 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 for the first 11 months of 2010 represent an increase of approximately 17% to 2.3 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.

CORPORATE GOVERNANCE PRACTICES

In the Directors' opinion, having considered amongst others, the findings of reviews and/or audits conducted by the independent professional parties (as explained below), the Company has applied the principles and complied with all the applicable code provisions as set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules for the financial year ended 31 December 2010.

The Company has engaged an independent professional party to review and/or audit internal controls of the Group with a focus on anti-money laundering. The independent professional party has performed their review and/or audit of the internal controls of the Group and will set out their findings in our annual report 2010 to be dispatched to our shareholders.

The Company has also engaged another independent professional party to assess the investment risks in Cambodia and will set out their findings in our annual report 2010 to be dispatched to our shareholders.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by Directors. Having made specific enquiry, the Company confirms that the Directors have complied with the required standards set out in the Model Code for the financial year ended 31 December 2010.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2010 have been reviewed by the audit committee of the Company which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

FINAL DIVIDEND

The Board recommends 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 subject to approval in the Annual General Meeting. The period of closure of the Company’s register of members and the date of the Annual General Meeting will be announced later.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s shares.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the Company’s website at www.nagacorp.com. The annual report 2010 of the Company will also be published on the aforesaid websites in due course.

ANNUAL GENERAL MEETING

The date of the Annual General Meeting will be announced later in accordance with the Listing Rules.

OUR APPRECIATION

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

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

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

Executive Directors

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

Non-executive Directors

Timothy Patrick McNally and Michael Lai Kai Jin

Independent Non-executive Directors

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

Hong Kong, 14 February 2011

* *For identification purpose only*

“Please also refer to the electronic version of the announcement on the Company’s website at www.nagacorp.com.”

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