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 2009

Financial Highlights for 2009:

- Total revenue decreased by 39.1% to US$117.8 million
- Revenue from Public Floor tables increased by 151.3 % to US$24.6 million
- Revenue from Gaming Machine Stations increased by 1,006.5% to US$34.3 million
- Revenue from Junket VIP floor tables decreased by 70.0% to US$53.4 million
- Gross profit margin increased from 45.5% to 60.4%
- Gross profit decreased by 19.0% to US$71.2 million
- Net profit decreased by 36.3% to US$25.5 million
- Earnings per share of US cents 1.23 (US cents 1.93 per share in 2008)
- Proposed final dividend of US cents 0.40 per share (or equivalent to HK cents 3.12 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 2009 as follows.

In consideration of the Company's financial results, the Board recommends the payment of a final dividend of US cents 0.40 per share (or equivalent to HK cents 3.12 per share) for the year ended 31 December 2009 (the "Final Dividend"). The proposed Final Dividend together with the interim dividend is US cents 0.73 per share (or equivalent to HK cents 5.69 per share), representing a dividend payout ratio of 60% in 2009.

CONSOLIDATED STATEMENT OF INCOME

	Note	Financial year ended 31 December **2009** *US$'000*	**2008** *US$'000*
Revenue	2	117,770	193,485
Cost of sales		(46,531)	(105,501)
Gross profit		71,239	87,984
Other income		774	2,558
Administrative expenses		(17,162)	(24,324)
Other operating expenses		(27,260)	(24,255)
Profit before taxation	3	27,591	41,963
Income tax	4	(2,123)	(1,953)
Profit attributable to equity shareholders of the Company		25,468	40,010
Earnings per share (US cents)	6	1.23	1.93

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Financial year ended 31 December **2009** *US$'000*	**2008** *US$'000*
Profit for the year	25,468	40,010
Other comprehensive income for the year		
- Exchange adjustments	31	(76)
Total comprehensive income attributable to equity shareholders of the Company for the year	25,499	39,934

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2009 *US$'000*	2008 *US$'000*
Non-current assets			
Property, plant and equipment	8	149,410	122,560
Interest in leasehold land held for own use under operating lease		647	655
Intangible assets	9	91,030	94,577
Trade receivables	10	4,091	—
		245,178	217,792
Current assets			
Consumables		281	186
Trade and other receivables	10	47,081	65,795
Deposit payments for purchase of raw materials	11	1,228	1,239
Cash and cash equivalents		14,987	9,627
Fixed deposit at bank		4,000	—
		67,577	76,847
Current liabilities			
Trade and other payables	12	15,748	22,334
Dividend payable		6,917	—
Current tax liability		240	—
Obligations under finance leases		2	2
Provisions		2,096	2,096
		25,003	24,432
Net current assets		42,574	52,415
Total assets less current liabilities		287,752	270,207
Non-current liabilities			
Obligations under finance leases		4	7
NET ASSETS		287,748	270,200
CAPITAL AND RESERVES	13		
Share capital		26,026	25,855
Reserves		261,722	244,345
TOTAL EQUITY		287,748	270,200

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.

In the current year, the Group has applied, for the first time, the amendments and new interpretations issued by the IASB, that are effective for the current accounting period of the Group. The effect from those applicable to the Group are summarised as follows:

- IFRIC — Interpretation 13 "Customer Loyalty Programmes" has had no material impact on the Group's consolidated financial statements as the policies adopted by the Group are consistent with the interpretation.

- IFRS 8 "Operating Segments" requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measure reported to the Group's chief operating decision maker for the purpose of assessing segment performance and making decision about operating matters. The impact from such adoption is not significant due to the non-complex nature of business of the Group (see note 7). As this is the first year in which the Group has presented segment information in accordance with IFRS 8, additional explanation has been included to explain the basis of preparation of the information. Corresponding amounts have also been provided on a basis consistent with the revised segment information.

- As a result of adoption of IAS 1 (Revised) "Presentation of Financial Statements", there are certain presentational changes. Comparative figures have been restated or included in the Group's consolidated financial statements in order to achieve a consistent presentation. The consolidated statement of financial position, previously known as consolidated balance sheet, at the beginning of the year of 2008 has not been presented as there were no changes to the originally published statement.

2. **Revenue**

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

	2009	**2008**
	US$'000	*US$'000*
Casino operations	77,932	187,901
Income from gaming machine stations	34,298	3,070
Other operations *(note)*	5,540	2,514
	117,770	193,485

Note:

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

3. **Profit before taxation**

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

	2009	2008
	US$'000	*US$'000*
Interest income	(3)	(454)
Forfeiture of gaming deposits received	—	(1,908)
Reversal of accruals of other taxes and contingencies	(607)	—
Auditor's remuneration		
- current year	200	226
- under-provision for prior year	52	41
- over-provision for prior year	—	(1)
Fuel expenses	4,735	4,844
Reimbursement of other taxes (note)	(530)	(20)
Amortisation of casino licence premium charged to other operating expenses	3,547	3,547
Depreciation and amortisation	6,754	3,748
Impairment loss on trade receivables	1,609	2,210
Write-off of property, plant and equipment	127	4
Gain on disposal of property, plant and equipment	(2)	(18)
Operating lease charges for:		
- land lease rental	187	187
- office and car park rental	286	286
- hire of equipment	1,563	945
Exchange loss/(gain), net	69	(130)
Staff costs (including directors' remuneration)		
- Salaries, wages and other benefits	16,884	17,085
- Contributions to defined contribution retirement scheme	6	5

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

4. **Income tax**

Income tax in profit or loss represents:

	2009	2008
	US$'000	*US$'000*
Current tax expense		
- Current year	2,162	1,953
- Over-provision in prior year	(39)	—
	2,123	1,953

Income tax represents Obligation Payments of (1) US$180,202 (2008: US$160,180) per month payable to the Ministry of Economy and Finance of Cambodia by NagaWorld Limited Gaming Branch, a branch registered under the name of NagaWorld Limited ("NWL"), a subsidiary of the Company incorporated in Hong Kong, and (2) over-provision for minimum profits tax of US$39,837 (2008: provision of US$30,553) by NWL Hotel & Entertainment Branch, another registered branch of NWL.

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

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

	2009	**2008**
	US$'000	*US$'000*
Interim dividend declared during the year:		
2009: US cents 0.33 per ordinary share	6,917	—
2008: US cents 0.74 per ordinary share	—	15,341
Final dividend proposed after the end of reporting period:		
2009: US cents 0.40 per ordinary share	8,363	—
2008: US cents 0.13 per ordinary share	—	2,689
	15,280	18,030

The interim dividend of US$6,917,000 for the year ended 31 December 2009 was declared in September 2009 and paid in January 2010.

6. **Earnings per share**

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of US$25,468,000 (2008: US$40,010,000) and the weighted average number of 2,075,799,415 (2008: 2,073,174,592) ordinary shares in issue during the year.

The weighted average number of ordinary shares is as follows:

	2009	**2008**
At 1 January	2,068,436,000	2,075,000,000
Issue and allotment of scrip shares	7,363,415	—
Effect of repurchase and cancellation of shares	—	(1,825,408)
At 31 December	2,075,799,415	2,073,174,592

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2009 and 31 December 2008.

7. **Segment information**

The Group manages its business by division, which are organised by a mixture of business lines (casino, hotel & entertainment). On first time adoption of IFRS 8, 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*
Segment revenue:			
Year ended 31 December 2008			
Revenue from external customers	190,971	2,514	193,485
Inter-segment revenue	—	920	920
Reportable segment revenue	190,971	3,434	194,405
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
Segment profit/(loss) (EBITDA):			
Year ended 31 December			
2008	57,761	(2,167)	55,594
2009	40,187	464	40,651

	Casino operations US$'000	Hotel and entertainment operations US$'000	Total US$'000
Segment assets:			
Year ended 31 December			
2008	288,839	118,423	407,262
2009	322,018	144,903	466,921
Segment liabilities:			
Year ended 31 December			
2008	(14,933)	(127,488)	(142,421)
2009	(11,739)	(159,119)	(170,858)
Net assets/(liabilities):			
Year ended 31 December			
2008	273,906	(9,065)	264,841
2009	310,279	(14,216)	296,063
Other segment information:			
Capital expenditure:			
Year ended 31 December			
2008	3,253	31,558	34,811
2009	1,093	32,661	33,754
Depreciation and amortisation:			
Year ended 31 December			
2008	4,399	2,834	7,233
2009	4,754	5,484	10,238
Income tax expense/(credit):			
Year ended 31 December			
2008	1,922	31	1,953
2009	2,162	(39)	2,123
Impairment loss on trade receivables:			
Year ended 31 December			
2008	2,210	—	2,210
2009	1,609	—	1,609

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:

	Year ended 31 December	
	2009	**2008**
	US$'000	*US$'000*
Revenue		
Reportable segment revenue	122,338	194,405
Elimination of inter-segment revenue	(4,568)	(920)
Consolidated revenue	117,770	193,485
Profit		
Reportable segment profit	40,651	55,594
Other income	3	260
Depreciation and amortisation	(10,301)	(7,295)
Unallocated head office and corporate expenses	(2,762)	(6,596)
Consolidated profit before taxation	27,591	41,963
Assets		
Reportable segment assets	466,921	407,262
Elimination of inter-segment assets	(155,488)	(121,574)
	311,433	285,688
Unallocated corporate assets	1,322	8,951
Consolidated total assets	312,755	294,639
Liabilities		
Reportable segment liabilities	(170,858)	(142,421)
Elimination of inter-segment payables	155,488	121,574
	(15,370)	(20,847)
Unallocated corporate liabilities	(9,637)	(3,592)
Consolidated total liabilities	(25,007)	(24,439)

(b) *Geographical segments*

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

8. **Property, plant and equipment**

The major additions during the year are the construction costs in relation to NagaWorld of approximately US$29,423,000.

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$17.0 million (2008: US$13.4 million).

10. **Trade and other receivables**

	2009	**2008**
	US$'000	*US$'000*
Trade receivables — non current assets (note)	4,091	—
Trade receivables — current assets	46,930	60,195
	51,021	60,195
Less: Allowance for impairment loss included in current portion	(3,971)	(2,362)
	47,050	57,833
Deposits, prepayments and other receivables	3,778	7,638
Amount due from related company	344	324
	51,172	65,795
Less: Trade receivables classified as non-current assets	(4,091)	—
Balance classified as current assets	47,081	65,795

Note: The balance is unsecured, bears an interest of 8.5% per annum since 1 January 2011 and repayable by December 2011.

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

	2009	**2008**
	US$'000	*US$'000*
Current to within 1 month	3,197	19,393
1 to 3 months	850	16,655
3 to 6 months	5,619	15,381
6 to 12 months	23,291	4,050
More than 1 year	14,093	2,354
	47,050	57,833

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

Trade receivables relate to a number of Junket operators and local operators who have a good track record with the Group or were active during the year. As at 31 December 2009, the Group has certain concentration of credit risk at 74% (31 December 2008: 71%) of the trade receivables that were due from the five largest operators.

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

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

	2009	**2008**
	US$'000	*US$'000*
Trade payables (note (a))	823	344
Unredeemed casino chips	3,147	7,016
Unredeemed chips — Poibos	940	940
Deposits	15	3,008
Construction creditors	5,506	4,944
Non-gaming Obligation Payments and other taxes (note (b))	—	319
Tax penalties and late payment interest	—	109
Accruals and other creditors	5,317	5,654
	15,748	22,334

Notes:

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

	2009	**2008**
	US$'000	*US$'000*
Within 1 month or on demand	483	7
After 1 month but within 3 months	—	19
After 3 months but within 6 months	—	318
Over 1 year	340	—
Total	823	344

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

13. **Capital and reserves**

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

Note: The dividend during the year ended 31 December 2009 comprises the 2008 final dividend of US$2,689,000 which was paid during the year and the 2009 interim dividend which was paid in January 2010.

Share capital

(i) Authorised:

	2009 *US$'000*	2008 *US$'000*
8,000,000,000 ordinary shares of US$0.0125 each	100,000	100,000

(ii) Issued and fully paid:

	2009 Number of shares	2009 US$'000	2008 Number of shares	2008 US$'000
Ordinary shares of US$0.0125 each				
At 1 January	2,068,436,000	25,855	2,075,000,000	25,938
Issue and allotment of scrip shares	13,642,875	171		
Repurchase and cancellation of shares during the year	—	—	(6,564,000)	(83)
At 31 December	2,082,078,875	26,026	2,068,436,000	25,855

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.

Issue and allotment of shares during the year

On 18 June 2009, the Company issued 13,624,875 ordinary shares under the scrip dividend scheme for 60% of the payment of the 2008 final dividend. The market value for calculating the number of Scrip Shares allotted to the shareholders pursuant to the scrip dividend scheme was HK$0.94 per share (or HK cents 94 per share), which was the average of the closing prices per share of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the 5 consecutive trading days up to and including 18 May 2009.

MANAGEMENT DISCUSSION & ANALYSIS

We own, manage and operate the only licensed casino in Phnom Penh, the capital city of Cambodia. We hold a casino licence (the "Casino Licence") granted to us by the Royal Government of Cambodia (the "Cambodian Government") with the right to operate casino activities in Cambodia for 70 years commencing from 2 January 1995 for around 41 years on an exclusive basis within a 200-km radius of Phnom Penh, Cambodia (except the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville).

The Company completed an initial public offering of its shares (the "IPO") and became a public company listed on the Main Board of the Stock Exchange since 19 October 2006.

INTERIM AND FINAL DIVIDENDS

The Company had on 29 January 2010 made an interim dividend payment of US cents 0.33 per share (or equivalent to HK cents 2.57 per share) for the year ended 31 December 2009. The Board has also resolved to declare payment of a final dividend of US cents 0.40 per share (or equivalent to HK cents 3.12 per share) for the year ended 31 December 2009. The Company will make further announcement in respect of the payment of final dividend in accordance with the requirements under the Listing Rules.

RESULTS

Revenue decreased by 39.1% to approximately US$117.8 million for the financial year ended 31 December 2009 from US$193.5 million in 2008. Gross profit decreased by 19.0% to approximately US$71.2 million in 2009 from US$88.0 million in 2008. Earnings before interest, taxation, depreciation and amortization ("EBITDA") was approximately US$37.9 million in 2009 and approximately US$49.3 million in 2008. Profit attributable to shareholders of the Company, or net profit, decreased by 36.3% to approximately US$25.5 million in 2009 from US$40.0 million in 2008.

It is noted that the Group had recorded a management fee of US$12.6 million from Poibos Co Ltd. ("Poibos") as revenue in 2008 in accordance with the terms of the management agreement dated 13 December 2007. In view of Poibos' breaches of terms stipulated in the management agreement, the Group terminated the agreement in 2008. As such, the management fee recorded in the year ended 31 December 2008 was non-recurrent in nature.

For illustration purpose, should the revenue and net profit of US$12.6 million derived from the non-recurrent management fee from Poibos be excluded from the financial results of the Group for the year ended 31 December 2008, the Consolidated Statement of Income would be as follows:

Consolidated Statement of Income Excluding Non-recurrent Management Fee Income from Poibos in 2008	**Financial year ended 31 December**	
	2009	**2008**
	US$' million	*US$' million*
Revenue	117.8	180.9
Cost of sales	(46.6)	(105.5)
Gross profit	71.2	75.4
Gross Profit Margin (%)	60.4%	41.7%
Other income	0.8	2.6
Administrative and other operating expenses (before depreciation and amortization)	(34.1)	(41.3)
Earnings before Interest, Taxation, Depreciation and Amortization (EBITDA)	37.9	36.7
EBITDA Margin (%)	32.2%	20.3%
Interest, Depreciation and amortization	(10.3)	(7.3)
Income tax	(2.1)	(2.0)
Profit attributable to equity shareholders of the Company	25.5	27.4

BUSINESS REVIEW (Excluding Non-recurrent Management Fee Income from Poibos in 2008)

Despite a drop in worldwide tourist arrivals of 4% in 2009 compared to 2008 (Source: World Tourism Organization), tourism in Cambodia has been able to maintain its tourism arrivals at 2.1 million in 2009 (Source: Ministry of Tourism, Kingdom of Cambodia). The sustained tourism arrivals and stable political environment have enabled the Group to penetrate further into the mass gaming market comprising public floors and gaming machines, which yields higher margins than the Junket VIP market. The enhanced business efficiency is reflected in the significant increase in EBITDA Margin from 20.3% in 2008 to 32.2% in 2009. Despite a drop in revenue from US$180.9 million to US$117.8 million, EBITDA has increased from US$36.7 million to US$37.9 million.

For the year ended 31 December 2009, revenue derived from non-junket business contributed to 54.7% of total revenue compared to only 7.9% in 2008. This improved business mix between Junket VIP and non-junket business has provided the Group with more stable revenues and higher margins.

As a result of promotional events hosted by NagaWorld and additional food and beverage outlets opened in 2009, NagaWorld is now recognized as a social, recreational, events, business and tourist destination in Cambodia and is well patronized by locals and overseas visitors. This has resulted in an increase in non-gaming revenue from US$2.5 million in 2008 to US$5.5 million in 2009.

Public Floor Tables

Revenue from the public floor in respect of those earning commissions have been reclassified as Junket VIP floor tables for the years ended 31 December 2009 and 2008. This reclassification better reflects the nature of the public floor business where there are no operators and no commissions are paid compared with the Junket VIP business where operators are paid commissions on rollings. Revenue from public floor tables has increased significantly by 151.0% from US$9.8 million in 2008 to US$24.6 million in 2009 as a result of higher buy-ins and win rates in 2009.

Buy-ins on the public floor increased from US$129.1 million in 2008 to US$150.9 million in 2009 while win rates improved from 7.6% in 2008 to 16.3% in 2009.

Gaming Machine Stations

NagaWorld's monopolistic advantage in Phnom Penh as a result of the closure of other slot machine and sports betting station outlets in the city has resulted in a significant growth in the Group's Gaming Machine Stations business in 2009.

The number of Gaming Machine Stations in NagaWorld grew sharply from 211 as at the end of 2008 to 618 as at 31 December 2009. As at the date of this announcement, a further 120 machines have been installed, bringing the total to 738 and we expect the total number of machines will increase to about 1,000 by mid 2010.

The sustained demand growth for Gaming Machine plays in NagaWorld has driven the revenue from Gaming Machine Stations up to US$34.3 million in 2009 from US$3.1 million in 2008. The business growth was also reflected in the increase in bills-in from US$40.7 million in the first half of 2009 to US$175.8 million in the second half of 2009.

Junket VIP Floor Tables

The global financial tsunami has affected the Junket VIP business performance for the year ended 31 December 2009, resulting in a drop in revenue of US$112.1 million from US$165.5 million in 2008 (excluding the non-recurrent management fee from Poibos in 2008 and including the reclassification of revenue from the public floor in respect of those earning commissions as Junket VIP floor tables) to US$53.4 million in 2009.

The Group also tightened its credit policies in 2009 by only granting limited credit lines to Junket operators under strict guidelines and supervision in line with the Group's policy of encouraging wagering on cash terms. The tighter credit policy coupled with the global financial tsunami has resulted in lower check-in amounts of US$387.5 million in 2009 as compared to US$870.1 million in 2008.

The win rate of Junket VIP business dropped from 2.6% in 2008 to 2.3% in 2009. This had the effect of reducing the gross profit margin from 36.8% in 2008 to 23.2% in 2009. To enhance the gross profit margin, the subsidies for rooms, food and beverage and air tickets were carefully monitored and either reduced or withdrawn in the second half of 2009. As a result, the gross profit margin improved from 20.2% in the first half of 2009 to 28.6% in the second half of 2009.

Gross Profit

Gross Profit Margin improved from 41.7% in 2008 to 60.4% in 2009 due to a more efficient business mix where 54.7% of total revenue was derived from the public floor, gaming machines and non-gaming business segments as compared to only 7.9% in 2008. These business segments do not incur rolling commissions as compared to the Junket VIP business where commissions are paid based on rollings achieved by the Junket VIP players.

2009 sees the double barreled effects of not only higher revenue in the Public Floors and Slots revenue but also lower direct costs as a result of a number of initiatives, such as the variability on the commission structure offered to our junket to create bilateral beneficial effects to both the Group and the operator. Hence despite a drop of revenue of 34.9% (excluding the one off management fee income from POIBOS in 2008), Gross Profit and EBITDA remain fairly stable.

Administrative and Other Operating Expenses (Before Depreciation and Amortization)

Due to the continuous efforts by the Management to reduce overheads, Administrative and Other Operating Expenses (before Depreciation and Amortization) fell from US$41.3 million in 2008 to US$34.1 million in 2009 despite the opening of additional food and beverage outlets in NagaWorld.

Finance Costs

We did not incur any significant finance costs as there were no significant financing arrangements in 2009.

Net Profit

Profit attributable to equity shareholders of the Company or net profit decreased by 6.9% to approximately US$25.5 million in 2009 from US$27.4 million in 2008.

FINANCIAL REVIEW

Pledge of Assets

As at 31 December 2009, the Group had not pledged any assets for bank borrowings (2008: US$ Nil).

Contingent Liabilities

As at 31 December 2009, 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

On 18 June 2009, the Company issued 13,642,875 ordinary shares under the scrip dividend payment scheme for 60% of the payment of the 2008 final dividend. The market value for calculating the number of Scrip Shares allotted to the shareholders pursuant to the scrip dividend scheme was HK$0.94 per share (or HK cents 94 per share), which was the average of the closing price per share of the Company on the Stock Exchange for the 5 consecutive trading days up to and including 18 May 2009.

Liquidity, Financial Resources and Gearing

As at 31 December 2009, the Group had total cash and cash equivalents and fixed deposit at bank of approximately US$19.0 million (2008: approximately US$9.6 million). Funding for construction and operations is by cash generated from operations and IPO proceeds.

As at 31 December 2009, the Group had net current assets of approximately US$42.6 million (2008: US$52.4 million). The Group had net assets of approximately US$287.7 million as at 31 December 2009 (2008: US$270.2 million).

As at 31 December 2009 and 2008, the Group had no outstanding borrowings.

Capital and Reserves

As at 31 December 2009, the capital and reserves attributable to equity shareholders of the Company was approximately US$287.7 million (2008: US$270.2 million). The changes in the capital and reserves reflected the profit retained and dividend paid in 2009.

Staff

As at 31 December 2009, the Group employed a work force of 3,161 (2008: 3,258) stationed in Cambodia, Malaysia and Hong Kong. The remuneration and staff costs for the financial year under review were approximately US$16.9 million (2008: approximately US$17.1 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 deliver excellence in services and products to its gaming customers and the relationship with its Junket operators is crucial towards satisfying these objectives. The Company has maintained a win-win cordial commercial relationship with many of these Junket operators for a very long period of time spanning through many ups and downs of economic cycles in the past. Mutual support is essential such that Junket VIP business will continue to make contribution throughout this very challenging time. However we are closely monitoring and reviewing the performance of our operators. Only bona fide, hardworking, honest and results-oriented operators who abide by our strict credit policy & guidelines are retained.

We have closely monitored the changes in trade receivables and focused on their recovery, resulting in a 15.3% decrease in trade receivables from US$60.2 million to US$51.0 million.

The management has in place stringent credit guidelines and supervision and depending on the performance and other criteria as set by the Company from time to time, many unqualified operators are not granted any credit facility at all and by doing so, it is of the view that this revised credit policy shall be beneficial to the control and management of trade receivables in future.

For the year ended 31 December 2009, the Group made a provision for doubtful debts of US$1.6 million in respect of trade receivables which are deemed doubtful of recovery.

Development of NagaWorld

NagaWorld today is a social, event, business and tourist destination, well-patronized and frequented by locals and overseas customers from both public and private sectors. Our hotel and casino complex are of international standard with a built-up area of approximately 110,768 square metres. As at 31 December 2009, NagaWorld offers 158 gaming tables, 618 gaming machine stations, 508 hotel rooms, 11 food and beverage outlets, a karaoke, a spa and the largest Meetings, Incentives, Conventions & Exhibitions facilities ("MICE") in Cambodia.

We have refreshed and renewed the look of the ground floor at the entertainment wing of NagaWorld and added a ground-floor club lounge at the hotel wing. With the completion of a multi-storey car park block in the coming year, it will house, among other things, a rooftop swimming pool, health club, offices and additional hotel rooms.

NagaWorld is already a landmark building in Phnom Penh and any upgrade shall turn NagaWorld into a more attractive destination both within Cambodia and the Greater Indo-China region.

Prospects

In 2009, the strong growth of our public floor and gaming machines business segments has resulted in a healthier, more efficient and profitable business mix where 54.7% of our total revenues are derived from these business segments compared to only 7.9% in 2008. We are therefore significantly less reliant on the Junket VIP business where margins are relatively thin due to commissions payable to the junket operators. This change in business mix had a direct positive impact on our profit margins as demonstrated in the improvement in gross profit margin from 41.7% (excluding the non-recurrent revenue from Poibos in 2008 as explained in this announcement) in 2008 to 60.4% in 2009 and EBITDA margin from 20.3% in 2008 to 32.2% in 2009. The higher ratio of non-junket VIP business has also resulted in lower earnings volatility for the Group.

Tourist arrivals to Cambodia in 2009 had remained stable at 2.1 million despite a world-wide slump of 4% in 2009. Furthermore, the continued political stability in Cambodia under the Hun Sen led Government and unfavorable conditions in the West have encouraged overseas Cambodians to repatriate savings and investments to the home country. The IMF has projected a GDP growth of 4.25% for Cambodia in 2010 on the back of growth in garment exports, tourism and construction. All these factors point towards a more affluent local community that will enlarge NagaWorld's qualified players base on the public floors and gaming machines. NagaWorld, with its monopolistic advantage over the gaming industry in Phnom Penh, is well poised to reap the benefits of this growing market.

As a landmark quality building, our hotel and entertainment operations attract both locals and overseas patrons and recorded growth as these quality amenities and operations gain in popularity and acceptance by everyone. As of to date, we have 11 food and beverage outlets catering to both gaming and non-gaming patrons and around 508 hotel rooms. Also, we have the largest and the most comprehensive MICE facility in Cambodia and are a busy and popular venue for holding meetings and events by both public and the private sectors. The Group's conservative gaming policy pays in today uncertainty namely, no gearing, low table limit, catering to regional mid size players and provision of top competitive services.

The Company is optimistic and confident in improving its junket business for 2 important reasons. One is NagaWorld is able to continue to exercise flexibility of enhancing its commissions structure to benefit junkets because of the low tax rate (for instance our commission payable today is 1.7%). The other key reason is our ability to offer competitive hotel Casino Services (such as pricing our 5-star hotel room at below our competitors' rates and offering superb VIP Casino services and gaming leisure related entertainment under one roof). More comprehensive marketing planning initiatives have been launched by dividing the Asia marketing map into 3-polar zones i.e. Indo China, China and Southeast Asia. The Group has also been talking to regional airlines like Air Shenzhen, Malaysia Airline (MAS) and Cambodia Angkor Air (CAA) in order to create more synergism with these airlines. The launch of the Premium Floors (without Junket VIP operators) has been generating good gaming results. Although the 2009 junkets visitation was 11,368 (compared to 15,196 in 2008), the November and December numbers in 2009 indicated its return to the pre-crisis level and check in have also increased.

We have strategized our priority on the following:

Higher earnings - Pushing for a greater regional gaming market share especially from Vietnam, through the provision of innovative Junket VIP programs and producing more non-gaming revenue.

Earnings stability - Lessening daily earnings fluctuations by maintaining popular and reasonable table limits and higher business volume from the mass-market.

Costs control and improving margins — Efficient and yet competitive commissions to operators and higher business volume from the mass-market where no commissions are paid.

Improving on cash position - Gaming on cash terms only.

Enhancing our gaming revenue through more innovative Junket programs running on regional captive markets has always been an aim of our international marketing team. Commissions at 1.7% remain one of the highest in the world. Despite this, we are successful in reducing our costs by the adoption of a few cost reduction measures.

Our **corporate vision** is to become a world class corporation "with excellence in our products, people and profitability" for the benefits of the host nation and all our shareholders. We also have stopped the policy of granting credit facilities to our customers, thus stopping the exposure to gaming patrons and reducing our debtors position. With the prudent and appropriate policies in place, NagaWorld can distinguish itself as the Indo-China hotel casino complex and continue to offer international, competitive and quality service and product to its customers and visitors coming from the surrounding and growing economies. The success of the gaming and leisure industries will, in turn, benefit the host nation and generate 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 2009.

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 2009 to be despatched to our shareholders.

The Company has also engaged another independent professional party to assess the investment risks in Cambodia and will set out their findings in our annual report 2009 to be despatched to our shareholders.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by Directors. Having made specific enquiry, the Company confirms that the Directors have complied with the required standards set out in the Model Code for the financial year ended 31 December 2009.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2009 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 0.40 per share (or equivalent to HK cents 3.12 per share) for the year ended 31 December 2009 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 2009, 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 2009 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 and Monica Lam Yi Lin

Non-executive Directors

Timothy Patrick McNally and Chen Yiy Fon

Independent Non-executive Directors

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

Hong Kong, 9 February 2010

* *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.