NAGACORP LTD.

金 界 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3918

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

Unaudited condensed consolidated interim results for the six months ended 30 June 2009

- Revenue decreased by 41.7% to approximately US$63.6 million
- Gross profit decreased by 23.0% to approximately US$34.9 million
- Net profit decreased by 54.9% to approximately US$11.5 million
- Earnings per share of US cents 0.56 per share
- Declared an interim dividend of US cents 0.33 per share (or equivalent to HK cents 2.57 per share), representing a dividend payout ratio of approximately 60.0% based on the net profit generated for the period. Dividend payment is expected before the end of December 2009. The Company will make further announcement in respect of the payment of interim dividend in accordance with the requirements under the Listing Rules.

The board of directors (the "Board") of NagaCorp Ltd. (the "Company" and together with its subsidiaries the "Group") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2009. The Board has resolved to declare an interim dividend of US cents 0.33 per share (or equivalent to HK cents 2.57 per share) for the six months ended 30 June 2009, representing a dividend payout ratio of approximately 60.0% based on the net profit generated for the period.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
	Note	**2009**	**2008**
		US$'000	*US$'000*
		(Unaudited)	*(Unaudited)*
Revenue	2	63,605	109,128
Cost of sales		(28,749)	(63,841)
Gross profit		34,856	45,287
Other income		36	361
Administrative expenses		(8,261)	(8,577)
Other operating expenses		(14,016)	(10,629)
Profit before taxation	3	12,615	26,442
Income tax	4	(1,086)	(964)
Profit attributable to equity shareholders of the Company		11,529	25,478
Dividends payable to equity shareholders of the Company attributable to the period:	5		
Interim dividend declared after balance sheet date		6,917	15,341
Earnings per share (US cents)	6	0.56	1.23

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2009	**2008**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period	11,529	25,478
Other comprehensive income for the period (after tax and reclassification adjustments) :		
Exchange adjustments	(18)	22
Profit attributable to equity shareholders of the Company	11,511	25,500

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2009 US$'000 (Unaudited)	31 December 2008 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	135,340	122,560
Interest in leasehold land held for own use under operating lease		651	655
Intangible assets	9	92,804	94,577
		228,795	217,792
Current assets			
Consumables		335	186
Trade and other receivables	10	67,974	65,795
Deposit payments for purchase of raw materials	11	1,232	1,239
Cash and cash equivalents		7,005	9,627
		76,546	76,847
Current liabilities			
Trade and other payables	12	21,527	22,334
Dividend payable		1,034	—
Obligations under finance leases		2	2
Provisions		2,096	2,096
		24,659	24,432
Net current assets		51,887	52,415
Total assets less current liabilities		280,682	270,207
Non-current liabilities			
Obligations under finance leases		5	7
NET ASSETS		280,677	270,200
CAPITAL AND RESERVES			
Share capital	13	26,026	25,855
Reserves		254,651	244,345
TOTAL EQUITY		280,677	270,200

Notes:

1. Basis of preparation and principal accounting policies

The condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated interim financial information contains selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2008. The condensed consolidated interim financial information does not include all of the information required for a full set of annual financial statements prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board (the "IASB"), and should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2008 ("2008 annual financial statements").

The condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted by the Group in its 2008 annual financial statements, except for the adoption of certain new or revised standards and interpretations issued by the IASB which are effective for the current accounting period of the Group as follows:

IAS 1 (Revised 2007)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing Costs
IAS 32 and IAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRSs (Amendments)	Improvements to IFRSs issued in May 2008, except for the amendments to IFRS 5 that is effective for annual periods beginning on or after 1 July 2009;
	Improvements to IFRSs issued in April 2009 in relation to amendment to paragraph 80 of IAS 39
IFRS 1 and IAS 27 Amendments	Cost of a Subsidiary in the Separate Financial Statements of a Parent on First-time Adoption of IFRSs
IFRS 2 Amendment	Share-based Payments – Vesting Conditions and Cancellations
IFRS 7 Amendment	Financial Instruments: Disclosures – Improving disclosures about financial instruments
IFRS 8	Operating Segments
IFRIC – Interpretation 13	Customer Loyalty Programmes
IFRIC – Interpretation 15	Agreements for the Construction of Real Estate
IFRIC – Interpretation 16	Hedge of a Net Investment in a Foreign Operation
Amendment to IFRIC - Interpretation 9 and IAS 39	Embedded derivatives

The Interpretation IFRIC 13 has had no material impact on the Group's condensed consolidated financial information as the interpretation was consistent with policies already adopted by the Group. The impact of the remainder of these developments on the interim financial information is not significant except the following:

- IFRS 8 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 period in which the Group has presented segment information in accordance with IFRS 8, additional explanation has been included in the interim financial information which explains 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 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expenses or net assets for any period presented.

The IASB has also issued the following amendments, new or revised standards and interpretations which are not yet effective for the accounting period beginning on or after 1 January 2009 and which have not been early adopted in this condensed consolidated financial information.

		Effective for accounting period beginning on or after
Amendments to IFRS 1	First-time adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters	1 January 2010
IAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
IAS 39 Amendment	Eligible Hedge Items	1 July 2009
IFRS 3 (Revised)	Business Combinations	1 July 2009
IFRSs (Amendments)	Improvements to IFRSs issued in April 2009;	#
	Improvements to IFRS 5 as part of Improvements to IFRSs issued in May 2008	1 July 2009
IFRS 1 (Revised)	First time adoption of International Financial Reporting Standards	1 July 2009
IFRS 2 (Amendments)	Share-based Payment - Group Cash-settled Share-based Payment Transactions	1 January 2010
IFRIC – Interpretation 17	Distribution of Non-cash Assets to Owners	1 July 2009
IFRIC – Interpretation 18	Transfers of Assets from Customers	*

Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

* Effective for transfer of assets from customers received on or after 1 July 2009.

The directors of the Company (the "Directors") are in the process of making an assessment of the expected impact of these amendments, new or revised standards and interpretations in the period of initial application. So far it was considered that their adoption is unlikely to have a significant impact on the Group's results of operations and financial position.

2. **Revenue**

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

	Six months ended 30 June	
	2009	**2008**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Casino operations	44,346	107,439
Income from gaming machine stations	16,923	1,535
Sale of foods & beverages and others	2,336	154
	63,605	109,128

3. **Profit before taxation**

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

	Six months ended 30 June	
	2009	**2008**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Interest income	—	(272)
Auditor's remuneration	141	105
Amortisation of casino licence premium	1,773	1,773
Depreciation and amortisation	2,607	1,607
Exchange gain, net	(13)	(102)
Fuel expenses	2,069	2,138
Operating lease charges for:		
- office and car park rental	144	121
- land lease rental	94	94
- hire of equipment	780	210
Other taxes *(Note (a))*	(101)	(23)
Staff costs *(Note (b))*		
- Salaries, wages and other benefits	9,646	7,348
- Contributions to defined contribution retirement scheme	3	3

Notes:

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

(b) The staff costs include the following:

	Six months ended 30 June	
	2009	**2008**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Directors' remuneration		
- Basic salaries and allowances	352	398
- Contributions to defined contribution retirement scheme	3	3
Senior management's remuneration		
- Basic salaries, allowances and benefits-in-kind	1,007	755

4. **Income tax**

Income tax in the income statement represents:

	Six months ended 30 June	
	2009	**2008**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Current tax expense		
- Kingdom of Cambodia	1,086	964

Taxation represents the obligation payment of (1) US$180,203 (six months ended 30 June 2008: US$160,180) per month payable to The Ministry of Economy and Finance of Cambodia (the "Ministry") 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 minimum profits tax of US$5,223 (six months ended 30 June 2008: US$2,762) payable to the Ministry by NagaWorld Limited Hotel & Entertainment Branch, another registered branch of NWL. There are no Malaysian or Hong Kong income taxes payable by the Group.

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

	Six months ended 30 June	
	2009	**2008**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Interim dividend declared after the balance sheet date		
2009: US cents 0.33 per ordinary shares	6,917	—
2008: US cents 0.74 per ordinary shares	—	15,341
	6,917	15,341

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$11,529,000 (six months ended 30 June 2008: US$25,478,000) and the weighted average number of 2,069,415,875 (2008: 2,074,075,580) ordinary shares in issue during the six months ended 30 June 2009.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

The weighted average number of ordinary shares is as follows:

	Six months ended 30 June	
	2009	**2008**
	(Unaudited)	*(Unaudited)*
At beginning of the period	2,068,436,000	2,075,000,000
Effect of repurchase and cancellation of shares	—	(924,420)
Issuance and allotment of scrip dividend shares (Note 13(a))	979,875	—
At end of the period	2,069,415,875	2,074,075,580

7. Segment reporting

The Group manages its businesses 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 is given the importance of gaming activities.
- Hotel and entertainment operations: this segment comprises the operations of leisure, hotel and entertainment activities.

Segment results, assets and liabilities

The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on 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 the 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	Hotel and entertainment operations	Total
	US$'000	*US$'000*	*US$'000*
Segment revenue:			
Six months ended 30 June 2009 (unaudited):			
Revenue from external customers	61,269	2,336	63,605
Inter-segment revenue	—	1,827	1,827
Reportable segment revenue	61,269	4,163	65,432
Six months ended 30 June 2008 (unaudited):			
Revenue from external customers	108,974	154	109,128
Inter-segment revenue	—	997	997
Reportable segment revenue	108,974	1,151	110,125
Segment profit/(loss) (EBITDA):			
30 June 2009 (Unaudited)	18,696	(295)	18,401
30 June 2008 (Unaudited)	33,160	(745)	32,415
Segment assets:			
30 June 2009 (Unaudited)	308,257	130,518	438,775
31 December 2008 (Audited)	288,839	118,423	407,262

Reconciliation of reportable segment revenue and profit or loss to revenue and profit or loss per the condensed consolidated financial information is as follows:

	Six months ended 30 June	
	2009	**2008**
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Reportable segment revenue	65,432	110,125
Elimination of inter-segment revenue	(1,827)	(997)
Consolidated revenue	63,605	109,128
Profit		
Reportable segment profit	18,401	32,415
Other income	—	113
Depreciation and amortisation	(4,380)	(3,380)
Unallocated head office and corporate expenses	(1,406)	(2,706)
Consolidated profit before taxation	12,615	26,442

8. Property, plant and equipment

During the six months ended 30 June 2009, the Group acquired property, plant and equipment totalling US$15,385,000, which included US$12,155,000 in respect of capital work-in-progress in relation to the construction of NagaWorld. The additions have been included in the assets of the segment of hotel and entertainment operations as disclosed in note 7.

9. Intangible assets

The intangible assets include the casino licence premium, and the extended exclusivity premium of the casino licence for the exclusivity period extended to the end of 2035 in consideration of US$108 million, less accumulated amortisation of US$15.2 million (31 December 2008: US$13.4 million).

10. Trade and other receivables

	30 June 2009 *US$'000* *(Unaudited)*	31 December 2008 *US$'000* *(Audited)*
Trade receivables	60,481	60,195
Other receivables, deposits and prepayments	9,855	7,962
	70,336	68,157
Less: Allowance for impairment loss included in trade receivables	(2,362)	(2,362)
	67,974	65,795

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

	30 June 2009 *US$'000* *(Unaudited)*	31 December 2008 *US$'000* *(Audited)*
Current to within 1 month	4,693	19,393
1 to 3 months	11,721	16,655
3 to 6 months	16,929	15,381
6 to 12 months	19,583	4,050
More than 12 months	5,193	2,354
	58,119	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 period. As at 30 June 2009, the Group has certain concentration of credit risk at 67% (31 December 2008: 71%) of the trade receivables that were due from the five largest operators.

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

As at the balance sheet date, deposit payments for the purchase of construction raw materials relate to deposits made for purchases of raw materials necessary for the construction of NagaWorld. It is anticipated that the materials will be used within the next twelve months.

12. Trade and other payables

	30 June 2009	**31 December 2008**
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Trade payables (Note(a))	819	344
Unredeemed casino chips	6,024	7,016
Unredeemed chips – Poibos	940	940
Construction creditors	6,472	4,944
Tax penalties and late payment interest	124	109
Non-gaming obligation payments and other taxes (Note(b))	394	319
Deposits	12	3,008
Other creditors and accruals	6,742	5,654
	21,527	22,334

Notes:

(a) Trade and other payables include trade creditors with the following ageing analysis as at the balance sheet date:

	30 June 2009	**31 December 2008**
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Due within 1 month or on demand	480	7
Due after 1 month but within 3 months	—	19
Due after 3 months but within 6 months	—	318
Due after 6 months but within 12 months	339	—
	819	344

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

13. Share capital

(i) Authorised

	30 June 2009	31 December 2008
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
8,000,000,000 ordinary shares of $0.0125 each	100,000	100,000

(ii) Issued and fully paid

	30 June 2009		31 December 2008	
	No of shares	*US$'000*	*No of shares*	*US$'000*
	(Unaudited)		*(Audited)*	
At beginning of period/year	2,068,436,000	25,855	2,075,000,000	25,938
Share issue during the period (Note(a))	13,642,875	171	—	—
Repurchase and cancellation of shares during the year	—	—	(6,564,000)	(83)
At end of period/year	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.

Note :

(a) Share issue during the period

On 18 June 2009, the Company issued 13,642,875 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 94.00 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 AND ANALYSIS

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

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

RESULTS

Revenue decreased by 41.7% to approximately US$63.6 million for the six months ended 30 June 2009 from approximately US$109.1 million for the same period in 2008. Gross profit decreased by 23.0% to approximately US$34.9 million for the six months ended 30 June 2009 from US$45.3 million for the same period in 2008. Earnings before interest, tax, depreciation and amortisation were approximately US$17.0 million for the six months ended 30 June 2009 and US$29.8 million for the same period in 2008. Profits before taxation decreased to approximately US$12.6 million for the six months ended 30 June 2009 from approximately US$26.4 million for the same period in 2008. Profit attributable to the equity shareholders of the Company or net profit amounted to approximately US$11.5 million for the six months ended 30 June 2009, representing a decrease of 54.9% compared to approximately US$25.5 million for the same period in 2008.

It is noted that the Company had recorded a management fee of US$12.6 million from Poibos Co Ltd. ("Poibos") under Junket VIP floor table for the six months ended 30 June 2008 in accordance with the terms of the management agreement dated 13 December 2007. In view of Poibos' breaches of the terms stipulated in the management agreement, the Company terminated the arrangement with Poibos in 2008. Please refer to our previous announcements and annual report 2008 issued by the Company for further details in this regard. As such, the management fee recorded for the six months ended 30 June 2008 was non-recurrent in nature.

For illustration purpose, should revenue and net profit of approximately US$12.6 million derived from the non-recurrent management fee from Poibos be excluded from the financial results of the Group for the six months ended 30 June 2008, the decrease in revenue would have moderated to 34.1% and net profit to 10.9% for the six months ended 30 June 2009 in comparison to the same period in 2008.

BUSINESS OVERVIEW

The global financial tsunami has had a far reaching impact on companies from different sectors and industries, including some gaming and hospitality companies.

However, here in Cambodia, the IMF mid term 2009 country report has summarized its observation on the country as one of cautious optimism. We quote *"....Under the current baseline, growth is projected to rise gradually to 7-7½ percent a year...."*, *"....current account deficit would narrow to 5-6 percent of GDP with further export diversification...."*, *"....Underpinning stabilization efforts would be modest fiscal consolidation over the medium term...."*.

NagaWorld is today a local social, event, business and tourist destination, well patronized and frequented by local and overseas customers from both public and private sectors.

Its gaming sector has seen a dramatic improvement of 1,027% increase in the slot business and the increase on slot stations as a result of better gaming regulatory and supervisory environment. We have re-classified out segmental public and junket commissions structure and only junket floor customers and business are entitled to commissions. By such method we noticed an increase of 121.7% revenue on the public floor, although there is less check-in by overseas customers due to the economic meltdown, despite almost same number of overseas visitors which also showed travelers to NagaWorld is not badly affected.

A completed NagaWorld has also seen an increase of 1,050% of non-gaming revenue from the operations of hotel and other entertainments facilities.

The management of the Group (the" Management") has focused on, among other things, cost control during the period under review and achieved a costs cutting efficiency of 55%.

If the one off management fee of about US$12.6 million (earned from a management contract signed on 2008) was to be taken out, the net profit of the Company shrank only 10% despite a difficult operating environment.

The number of international visitor arrivals to Cambodia have remained almost the same with around 1,086,518 for the six months ended 30 June 2009 from around 1,098,000 for the same period in 2008.

Casino operations and gaming machine stations

Casino operations and gaming machine stations comprise public floor tables, Junket VIP floor tables and gaming machine stations. For the six months ended 30 June 2009, casino operations continued to be the major revenue contributor for the Group and brought in revenue of approximately US$61.3 million, representing 96.4% of the total revenue. Revenue derived from casino operations and gaming machine stations was approximately US$109.0 million for the same period in 2008.

Public Floor Tables

Revenue from public floor tables increased notably by 121.7% to approximately US$10.2 million for the six months ended 30 June 2009 from approximately US$4.6 million for same period in 2008. Revenue derived from public floor tables accounted for 16.0% of our total revenue for the six months ended 30 June 2009 compared to 4.2% for the same period in 2008. Revenue from public floor have been reclassified and those revenue earning commissions have been grouped under Junket floor tables for six months ended 30 June 2009 and, for comparison purpose, for the same period in 2008. This amendment better reflects the nature of the public floor business where there are no operators and no commissions are paid compared with the junket Floor business where operators are paid commissions on rollings.

The buy-in amounts made by players increased by 34.1% to approximately US$75.1 million for the six months ended 30 June 2009 from approximately US$56.0 million for the same period in 2008.

The gross profit margin for public floor tables was 92.4% for the six months ended 30 June 2009 and 97.9% for the same period in 2008. The decrease in gross profit margin reflected the increase in revenue, buy-in amounts and related costs of our programmes. Expenses included, among others, food and beverages and transportation paid to operators and players increased in tandem with the increase in revenue and the level of gaming activities conducted at the public floor tables.

The win rates for public floor tables, being the ratio of revenue to buy-in amounts, were 13.6% for the six months ended 30 June 2009 compared to 8.2% for the same period in 2008. There were on average 65 public gaming tables for the six months ended 30 June 2009.

Junket VIP Floor Tables

The global financial tsunami had affected the Junket VIP business performance for the six months ended 30 June 2009. The Group tightened its credit policy and for the period under review and granted limited credit lines to Junket operators under strict guidelines and supervision. Commissions are reduced. Subsidies to rooms, food and beverage and air tickets are carefully monitored and either reduced or withdrawn. Please refer to the paragraph headed "Trade receivables and credit policy" in the later part of this announcement for details.

Revenue from our Junket VIP floor tables decreased by 66.8% to approximately US$34.1 million for the six months ended 30 June 2009 from approximately US$102.8 million for the same period in 2008. As explained before, there is reclassification of the junket floor and public floor commissions structure and those revenue earning commissions have been grouped under Junket floor tables for the six months ended 30 June 2009 and, for comparison purpose, for the same period in 2008. This amendment reflects better the nature of the junket business and junket floors where there are operators and paid commissions on rollings and whereas on the public floor there are no operators and no commissions are paid. The decrease of revenue on the Junket Floor for the six months ended 30 June 2009 can partly be explained by this reclassification and for those local players who are earning commissions and who are the public floor before, are now playing on the junket floors and these players are affected to some extent by the economic downturn. Although there is not much change of the overseas visitors number, the average check-in brought in by each overseas player has also reduced and hence the lesser revenue recorded on the junket business.

For the six months ended 30 June 2008, the non-recurrent management fee of US$12.6 million from Poibos was recorded. Should the non-recurrent management fee from Poibos be excluded, the decrease in revenue from Junket VIP floor tables would have moderated to 62.2% for the six months ended 30 June 2009 compared to same period in 2008.

Revenue from our Junket VIP floor tables accounted for 53.6 % of our total revenue for the six months ended 30 June 2009 compared to 94.2% for same period in 2008.

The level of gaming activity conducted in Junket VIP floor tables, as measured by rollings, decreased by 62.5% to approximately US$1.5 billion for the six months ended 30 June 2009 from approximately US$4.0 billion for the same period in 2008.

The Junket VIP players deposited less check-in amounts for the period under review. The check-in amounts deposited by our Junket VIP players decreased by 66.2% to approximately US$178.1 million for the six months ended 30 June 2009 from approximately US$527.1 million for the same period in 2008.

There were around 7,274 Junket VIP players who visited our casino for the six months ended 30 June 2009 compared to 7,960 Junket VIP players for same period in 2008. The average check-in amount per Junket VIP player was approximately US$24,500 for the period under review and approximately US$66,200 for the same period in 2008.

The gross profit margins for Junket VIP floor tables were 20.2 % and 38.2% for the six months ended 30 June in 2009 and 2008 respectively.

The win rates for Junket VIP floor tables, being the ratio of revenue to rollings, were 2.3 % for the six months ended 30 June 2009, which maintained at same level as compared to the same period in 2008 (had the non-recurrent management fee of US$12.6 million received from Poibos been excluded).

Gaming Machine Stations

Improving regulatory and supervisory environment of gaming machine stations or slot machines in Cambodia and the closure of slot machines outlets and sports betting stations have since witnessed a notable growth in number of slot machines and business in NagaWorld.

During the period under review, the total number of slot stations is 525, compared with 200 slot machines on 2006. As of the date hereof the number of slot stations has increased to 749 and by the end of the year, as a result of interest from many other machines operator we expect the total number of slot stations to increase to about 1,000.

For the six months ended 30 June 2009, we derived revenue of US$16.9 million from the gaming machine stations, representing an increase of 1,026.7% from revenue of US$1.5 million for the same period in 2008. The total number of machines in operation during this period is 525.

Hotel and entertainment operations

Hotel and entertainment operations represents the non-gaming revenue in NagaWorld.

For the six months ended 30 June 2009, we derived revenue of US$2.3 million from hotel and entertainment operations, representing an increase of 1,050.0% from revenue of US$0.2 million for the same period in 2008. The revenue was derived from the provision of hotel and entertainment services to both gaming and non-gaming patrons.

Gross Profit

For the six months ended 30 June 2009, cost of sales decreased by 55.0% to approximately US$28.7 million from approximately US$63.8 million for the same period in 2008. The decrease in cost of sales was contributed by reduced commissions, tightened and better control on subsides for room, food and beverage and air tickets. Gross profit decreased by 23.0% to US$34.9 million from US$45.3 million for the same period in 2008 and Gross profits margins increased to 54.9% for the six months ended 30 June 2009 from 41.5% for the same period in 2008.

Administrative and other operating expenses

Administrative expenses decreased by 3.5% to approximately US$8.3 million for the six months ended 30 June 2009 from approximately US$8.6 million for the same period in 2008. The Management continued the efforts to rein in cost and expenditure. For the six months ended 30 June 2009, fuel expense was approximately US$2.1 million and that was similar to that for the same period in 2008. For the six months ended 30 June 2009, the Group made contributions of approximately US$0.9 million to charitable organisations and bodies for the betterment of Cambodia and its people, which is similar to the amount donated for the same period in 2008. The insurance against country risks in Cambodia purchased by the Company was discontinued for the period under review.

Other operating expenses increased by 32.1% to approximately US$14.0 million for the six months ended 30 June 2009 from approximately US$10.6 million for the same period in 2008. The expansion of our gaming and hotel operations and other entertainment facilities require additional manpower. As a result, we recruited new staff to manage our gaming and hotel operations and other entertainment facilities. For the six months ended 30 June 2009, the average number of our employees increased by 31.5% to around 3,188 employees from around 2,424 employees for the same period in 2008.

Finance costs

We did not incur finance costs as there were no significant financing arrangements for the six months ended 30 June 2009.

Net Profit

Profit attributable to equity shareholders of the Company or net profit decreased by 54.9% to approximately US$11.5 million for the six months ended 30 June 2009 from approximately US$25.5 million for the same period in 2008. The net profit margins were 18.1% and 23.4% for the six months ended 30 June 2009 and 2008 respectively.

Earnings per shares were approximately US cents 0.56 (HK cents 4.37 per share) and US cents 1.23 (HK cents 9.59 per share) for the six months ended 30 June 2009 and 2008 respectively.

For illustration purpose, should net profit of approximately US$12.6 million derived from the non-recurrent management fee from Poibos be excluded from the financial results of the Group for the six months ended 30 June 2008, the decrease in net profit would have moderated to 10.9% for the six months ended 30 June 2009 in comparison to the same period in 2008.

FINANCIAL REVIEW

Pledge of Assets

As at 30 June 2009 the Group had not pledged any assets for bank borrowings (31 December 2008: Nil).

Contingent Liabilities

As at 30 June 2009, the Group had no contingent liabilities. In relation to the litigation of a Junket VIP group as disclosed in the annual report 2008, the Group has provided adequate allowance of US$2.1 million for the case.

Exchange rate risk

The Group's income is principally earned in United States dollars while expenditure is principally paid in United States dollars and to a lesser extent in Cambodian Riels. The Group does not have a significant exposure to foreign currency risk and therefore is not required to enter into currency hedging transactions.

Issue of New Shares

On 18 June 2009, the Company issued 13,642,875 ordinary shares under the scrip dividend scheme for 60% of the payment of 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 94.00 per share), which was the average of the closing prices per share of the Company on the Stock Exchange for the 5 consecutive trading days up to and including 18 May 2009. The 13,642,875 ordinary shares issued under the scrip dividend scheme represents approximately 0.66% of the 2,068,436,000 ordinary shares in issue immediately prior to the share issue.

Liquidity, Financial Resources and Gearing

As at 30 June 2009, the Group had total cash and cash equivalents of approximately US$7.0 million (31 December 2008: approximately US$9.6 million). Approximately 98.4% of the cash and cash equivalents were held in US dollars and deposited with banks and financial institutions. Funding for construction and operations is by cash generated from operations and IPO proceeds.

As at 30 June 2009, the Group had net current assets of approximately US$51.9 million (31 December 2008: approximately US$52.4 million).

As at 30 June 2009, the Group had no outstanding borrowings (31 December 2008: US$ Nil).

Capital and Reserves

As at 30 June 2009, the capital and reserves attributable to equity shareholders of the Company was approximately US$280.7 million (31 December 2008: approximately US$270.2 million).

Staff

For six months ended 30 June 2009, the Group employed, on average, a work force of 3,188 (For six months ended 30 June 2008: 2,424) stationed mostly in Cambodia, Malaysia and Hong Kong. Remuneration and staff costs for the six months ended 30 June 2009 was approximately US$9.6 million (for the six months ended 30 June 2008: approximately US$7.4 million).

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 this 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 result oriented operators who abide by our strict credit policy & guidelines are retained.

We have closely monitored the changes in trade and receivables. For the six months ended 30 June 2009, the trade receivables net of provision made was approximately US$58.1 million as at 30 June 2009, and approximately US$57.8 million as at 31 December 2008. Of the net trade receivables as at 30 June 2009, approximately 8.1% was within 1 month, 20.1% within 1-3 months, 29.1% within 3-6 months, 33.7% within 6-12 months and 9.0% over 12 months.

In respect of granting credit facility and other complimentary (like rooms, food and beverage and air-ticket) to operators, the management has in place stringent 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 or extended the due subsides 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.

Development of NagaWorld

Nagaworld today is a local 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 metre. As of 30 June 2009, NagaWorld offers 181 gaming tables, 525 gaming machine stations, 508 hotel rooms, 11 food and beverage outlets, a karaoke, a spa and the largest MICE (Meetings, Incentives, Conventions & Exhibitions) facilities in Cambodia.

We have refreshed and renewed the look of 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 carpark block before end of 2009, it will house, among other things, a rooftop swimming pool & a health club.

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

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.

NagaCorp remains profitable in the First Half of 2009 despite a very challenging & tumultuous global economy. It continues to benefit from the improving political stability of the host nation.

In term of financial performance, our public floor continues to contribute and recorded a notable increase in revenue for the period under review. Today, NagaWorld is a landmark entertainment attraction patronized by not only local qualified Cambodians and neighboring Vietnamese but also overseas nationalities of all kinds and is a popular local social, events & tourist destination. We continue to register increasing number of walk–ins. As a result of political stability in Cambodia and unfavorable conditions in the West, Cambodians reversed flow to home country also helps. We expect our public floor to prospect further as a developing Cambodia continues to draw foreign direct investments ("FDIs") , investors and others. It is noted that, for the first six months in 2009, international visitor arrivals to Cambodia remain almost unchanged compared to same period in 2008 despite the uncertain global economy.

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 date of this announcement, we have 11 F&B outlets and around 508 hotel rooms catering for both gaming and non-gaming patrons. Also, we have the largest and comprehensive MICE facility in Cambodia and is a busy and popular venue for holding meetings and events by both public and the private sectors.

Standard & Poor's affirms (on 9 Oct 2008) stable outlook for Cambodia, praises country economic strategies, pragmatic market friendly directions, fiscal policy as credit strength, and maintains a real GDP growth as today financial storms spread. NagaCorp's conservative gaming policy pays in today uncertainty namely, no gearing, low table limit, cater for regional mid size players and provision of top competitive services. We have strategized our priority on the followings:

Higher earnings - Pushing for more regional gaming market share especially Vietnam, 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

Costs control and improving margins – Smaller and yet competitive commissions to operators

Improving on cash position - Gaming on cash terms only

For the period under review, electronic gaming machines or slot machines brought in substantial revenue for the Group on the back of the better government regulation. The closure of many outlets and parlors that offered slot machines has reduced supply of venues offering such gaming activity in Phnom Penh. This has benefitted NagaWorld as it is the only licensed casino in and round Phnom Penh and allowed to operate gaming activities including the offering of slot machines. We are working towards the offering of a total of 1,000 slot machines for patronage in NagaWorld.

Enhancing our gaming revenue through more innovative Junket VIP programs running on regional captive markets especially Vietnam has always been an aim of our international marketing team. It is noteworthy that Cambodia has on 27 July 2009 launched its national airline called Cambodia Angkor Air ("CAA"). CAA is linking not only domestic destination but also Vietnamese cities. NagaWorld and Ministry of Tourism, Cambodia ("MOT") has launched an initiative capitalizing on NagaWorld as a popular Vietnamese tourist destination to create a superhighway in the sky linking Ho Chi Ming city, Vietnam and Phnom Penh, Cambodia. This private public sector cooperation is also seen as an important step of achieving governmental efforts of making its national airline a reality and a success especially the national carrier has suffered failures in the past.

For the period under review, we are successful in reducing our costs by 55% by adoption of a few measures i.e. reducing and yet providing competitive commissions to our operators, less subsides of air freight, hotel rooms and F&Bs.

We also have stopped the policy of granting credit facility to our customers, thus stopping the exposure to gaming patrons and reducing our debtors position. We have negligible bad debts position for the period under review. Gaming is now strictly on a cash terms basis.

Despite above measures, our attitude, actions and VIP services have been much welcomed by genuine serious minded regional gaming community and we register no drop in revenue in the succeeding months after adoption of such prudent and careful measures by the Company.

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, it shareholders and investors.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

In the Directors' opinion, having considered amongst others, the findings of reviews conducted by the independent professional parties, 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 six months ended 30 June 2009.

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 standard set out in the Model Code for the financial period under review.

AUDIT COMMITTEE

The interim results for the six months ended 30 June 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.

INTERIM DIVIDEND

The Board has resolved to declare payment of an interim dividend of US cents 0.33 per share (or equivalent to HK cents 2.57 per share) for the six months ended 30 June 2009 to shareholders before the end of December 2009. The Company will make further announcement in respect of the payment of interim dividend in accordance with the requirements under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

PUBLICATION OF FINANCIAL INFORMATION

The interim report of the Group for the six months ended 30 June 2009 containing, among others, the interim financial information of the Group will be despatched to our shareholders and available at the Company's website www.nagacorp.com and the website of the Stock Exchange.

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, 5 September 2009

* *For identification purpose only*

"Please also refer to the electronic version of the same on the Company's website 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.