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NAGACORP LTD.

金界控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3918

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

Unaudited condensed consolidated interim results for the six months ended 30 June 2010

- Revenue increased by 6.6% to approximately US\$67.8 million
- Gross profit increased by 44.1% to approximately US\$50.3 million
- Net profit increased by 83.5% to approximately US\$21.1 million
- Earnings per share of US cents 1.01 per share
- Declared an interim dividend of US cents 0.71 per share (or equivalent to HK cents 5.54 per share), representing a dividend payout ratio of approximately 70% based on the net profit generated for the period. The Company will make further announcement in respect of the book closure period and 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 2010. The Board has resolved to declare an interim dividend of US cents 0.71 per share (or equivalent to HK cents 5.54 per share) for the six months ended 30 June 2010, representing a dividend payout ratio of approximately 70% based on the net profit generated for the period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME

		Six months ended 30 June	
	<i>Note</i>	2010	2009
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	2	67,771	63,605
Cost of sales		(17,498)	(28,749)
Gross profit		50,273	34,856
Other income		386	36
Administrative expenses		(11,777)	(8,261)
Other operating expenses		(8,790)	(9,636)
EBITDA		30,092	16,995
Depreciation		(5,139)	(2,607)
Amortisation		(1,773)	(1,773)
Profit before taxation	3	23,180	12,615
Income tax	4	(2,120)	(1,086)
Profit attributable to owners of the Company		21,060	11,529
Earnings per share (US cents)	6	1.01	0.56

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2010	2009
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period	21,060	11,529
Other comprehensive income for the period:		
Exchange adjustments	93	(18)
	<hr/>	<hr/>
Total comprehensive income attributable to owners of the Company for the period	<u>21,153</u>	<u>11,511</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	30 June 2010	31 December 2009
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
Non-current assets			
Property, plant and equipment	8	151,898	149,410
Interest in leasehold land held for own use under operating lease		643	647
Intangible assets	9	89,257	91,030
Trade receivables	10	3,046	4,091
		<u>244,844</u>	<u>245,178</u>
Current assets			
Consumables		401	281
Trade and other receivables	10	46,446	47,081
Deposit payments for purchase of raw materials	11	5,357	1,228
Fixed deposit at bank		8,500	4,000
Cash and cash equivalents		19,139	14,987
		<u>79,843</u>	<u>67,577</u>
Current liabilities			
Trade and other payables	12	13,392	15,748
Dividend payable		8,363	6,917
Current tax liability		293	240
Obligations under finance leases		2	2
Provisions		2,096	2,096
		<u>24,146</u>	<u>25,003</u>
Net current assets		<u>55,697</u>	<u>42,574</u>
Total assets less current liabilities		300,541	287,752
Non-current liabilities			
Obligations under finance leases		3	4
NET ASSETS		<u>300,538</u>	<u>287,748</u>
CAPITAL AND RESERVES			
Share capital	13	26,026	26,026
Reserves		274,512	261,722
TOTAL EQUITY		<u>300,538</u>	<u>287,748</u>

Notes:

1. Basis of preparation and principal accounting policies

The condensed consolidated interim financial information for the six months ended 30 June 2010 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 2009. 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 2009 (“2009 annual financial statements”).

The condensed consolidated interim financial information has been prepared in accordance with the same accounting policies and methods of computation adopted by the Group in its 2009 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 and relevant to the Group as follows:

IFRSs (Amendments)	Improvements to IFRSs issued in 2008 (relating to IFRS 5) and 2009
IFRS 2 (Amendments)	Share-based Payment - Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised)	Business Combinations
IAS 27 (Revised)	Consolidated and Separate Financial Statements

The adoption of the above new/revised IFRSs had no material effect of the reported results or financial position of the Group for both the current and prior reporting periods.

The IASB has also issued the following amendments, new or revised standards and interpretations, potentially relevant to the Group's operations, which are not yet effective for the accounting period beginning on or after 1 January 2010 and which have not been early adopted in these condensed consolidated financial statements.

		Effective for accounting period beginning on or after
IFRSs (Amendments)	Improvement to IFRSs 2010	#
IAS 24 (Revised)	Related Party Disclosures	1 January 2011
IFRS 9	Financial Instruments	1 January 2013

Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

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 standard 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	
	2010 US\$'000 (Unaudited)	2009 US\$'000 (Unaudited)
Casino operations	63,371	61,269
Hotel and entertainment operations	4,400	2,336
	<u>67,771</u>	<u>63,605</u>

3. Profit before taxation

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

	Six months ended 30 June	
	2010 US\$'000 (Unaudited)	2009 US\$'000 (Unaudited)
Interest income	(231)	—
Auditor's remuneration		
– Current period	101	94
– Under-provision for prior period	87	47
Amortisation of casino licence premium	1,773	1,773
Depreciation and amortisation	5,139	2,607
Impairment loss on trade receivables	1,303	—
Exchange loss / (gain), net	126	(13)
Fuel expenses	3,067	2,069
Operating lease charges for:		
– office and car park rental	223	144
– land lease rental	93	94
– hire of equipment	795	780
Reimbursement of other taxes (Note (a))	—	(101)
Staff costs (Note (b))		
– Salaries, wages and other benefits	8,661	9,646
– Contributions to defined contribution retirement scheme	3	3
	<u>8,661</u>	<u>9,646</u>

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	
	2010	2009
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Directors' remuneration		
– Basic salaries and allowances	346	352
– Contributions to defined contribution retirement scheme	1	3
Senior management's remuneration		
– Basic salaries, allowances and benefits-in-kind	1,014	1,007
	<u>1,014</u>	<u>1,007</u>

4. Income tax

Income tax in profit or loss represents:

	Six months ended 30 June	
	2010	2009
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax expense		
– Current period	1,756	1,086
– Under-provision in prior period	364	—
	<u>2,120</u>	<u>1,086</u>

Taxation represents the monthly gaming obligation payment of (1) US\$202,728 (six months ended 30 June 2009: US\$180,202) and monthly non-gaming obligation payment of US\$90,000 (six months ended 30 June 2009: US\$80,000) 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. There are no Malaysian or Hong Kong income taxes payable by the Group.

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

	Six months ended 30 June	
	2010	2009
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Dividend paid during the period:		
2009 Interim dividend: US cents 0.33 per ordinary share	6,917	—
2008 Final dividend: US cents 0.13 per ordinary share	—	2,689
	<u>6,917</u>	<u>2,689</u>

	Six months ended 30 June	
	2010	2009
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interim dividend declared after the end of reporting period		
2010: US cents 0.71 per ordinary shares	14,742	—
2009: US cents 0.33 per ordinary shares	—	6,917
	<u>14,742</u>	<u>6,917</u>

6. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of US\$21,060,000 (six months ended 30 June 2009: US\$11,529,000) and the weighted average number of 2,082,078,875 (2009: 2,069,415,875) ordinary shares in issue during the six months ended 30 June 2010.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

The weighted average number of ordinary shares is as follows:

	Six months ended 30 June	
	2010	2009
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
At beginning of the period	2,082,078,875	2,068,436,000
Issuance and allotment of scrip dividend shares (Note 13(a))	—	979,875
At end of the period	<u>2,082,078,875</u>	<u>2,069,415,875</u>

7. Segment reporting

The Group manages its businesses by division, which are organised by a mixture of business lines (casino, hotel & entertainment). The Group has identified the following two main reportable segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment.

- Casino operations: this segment comprises all gaming activities at NagaWorld.
- Hotel and entertainment operations: this segment comprises the operations of leisure, hotel and entertainment activities.

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 <i>US\$'000</i>	Hotel and entertainment operations <i>US\$'000</i>	Total <i>US\$'000</i>
<i>Segment revenue:</i>			
Six months ended 30 June 2010 (unaudited):			
Revenue from external customers	63,371	4,400	67,771
Inter-segment revenue	—	4,788	4,788
	<hr/>	<hr/>	<hr/>
Reportable segment revenue	<u>63,371</u>	<u>9,188</u>	<u>72,559</u>
Six months ended 30 June 2009 (unaudited):			
Revenue from external customers	61,269	2,336	63,605
Inter-segment revenue	—	1,827	1,827
	<hr/>	<hr/>	<hr/>
Reportable segment revenue	<u>61,269</u>	<u>4,163</u>	<u>65,432</u>
<i>Segment profit/(loss) (EBITDA):</i>			
30 June 2010 (unaudited)	33,213	(1,900)	31,313
30 June 2009 (unaudited)	18,696	(295)	18,401
	<hr/>	<hr/>	<hr/>
<i>Segment assets:</i>			
30 June 2010 (unaudited)	343,776	152,117	495,893
31 December 2009 (audited)	322,018	144,903	466,921
	<hr/>	<hr/>	<hr/>

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	
	2010	2009
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue		
Reportable segment revenue	72,559	65,432
Elimination of inter-segment revenue	(4,788)	(1,827)
	<hr/>	<hr/>
Consolidated revenue	<u>67,771</u>	<u>63,605</u>
Profit		
Reportable segment profit	31,313	18,401
Depreciation and amortisation	(6,912)	(4,380)
Unallocated head office and corporate expenses	(1,221)	(1,406)
	<hr/>	<hr/>
Consolidated profit before taxation	<u>23,180</u>	<u>12,615</u>

8. Property, plant and equipment

During the six months ended 30 June 2010, the Group acquired property, plant and equipment totalling US\$7,650,000 which included US\$7,323,000 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\$18.7 million (31 December 2009: US\$17.0 million).

10. Trade and other receivables

	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade receivables - non current assets (note)	3,046	4,091
Trade receivables - current assets	43,387	46,930
	<hr/>	<hr/>
	46,433	51,021
Less: Allowance for impairment loss included in current portion	(5,274)	(3,971)
	<hr/>	<hr/>
	41,159	47,050
Deposits, prepayments and other receivables	7,989	3,778
Amount due from related party	344	344
	<hr/>	<hr/>
	49,492	51,172
Less: Trade receivables classified as non-current assets	(3,046)	(4,091)
	<hr/>	<hr/>
Balance classified as current assets	46,446	47,081
	<hr/> <hr/>	<hr/> <hr/>

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 allowance for impairment loss) is as follows:

	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current to within 1 month	395	3,197
1 to 3 months	200	850
3 to 6 months	1,830	5,619
6 to 12 months	6,468	23,291
More than 12 months	32,266	14,093
	<hr/>	<hr/>
	41,159	47,050
	<hr/> <hr/>	<hr/> <hr/>

The following tables reconciles the impairment loss of trade receivables for the period:

	30 June 2010	31 December 2009
	<i>US\$' 000</i>	<i>US\$' 000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
At beginning of period/year	3,971	2,362
Impairment loss recognised	1,303	1,609
	<hr/>	<hr/>
At end of period/year	<u>5,274</u>	<u>3,971</u>

The credit policy on gaming revenue is 7 days from the end of tour. Trade receivables relate mostly to junket operators and local operators who have a good track record with the Group or were active during the period. As at 30 June 2010, the Group has certain concentration of credit risk at 74% (31 December 2009: 74%) of the total trade and other receivables that was due from the five largest operators.

The Group recognises impairment loss based on individual assessments of each trade receivable. 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

As at the end of reporting period, deposit payments for the purchase of construction raw materials relate to deposits made for purchases of raw materials necessary for the construction of NagaWorld. The materials have not been received by the Group as at the period end. It is anticipated that the materials will be used within the next twelve months.

12. Trade and other payables

	30 June 2010	31 December 2009
	<i>US\$' 000</i>	<i>US\$' 000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade payables (note)	1,777	823
Unredeemed casino chips	3,077	3,147
Unredeemed chips – Poibos	940	940
Construction creditors	3,725	5,506
Deposits	127	15
Accruals and other creditors	3,746	5,317
	<hr/>	<hr/>
	<u>13,392</u>	<u>15,748</u>

Notes:

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

	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within 1 month or on demand	1,424	483
After 1 month but within 3 months	13	—
Over 1 year	340	340
Total	<u>1,777</u>	<u>823</u>

13. Share capital

(i) Authorised

	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
8,000,000,000 ordinary shares of \$0.0125 each	<u>100,000</u>	<u>100,000</u>

(ii) Issued and fully paid

	30 June 2010		31 December 2009	
	<i>No of shares</i>	<i>US\$'000</i>	<i>No of shares</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>		<i>(Audited)</i>	
At beginning of period/year	2,082,078,875	26,026	2,068,436,000	25,855
Issue and allotment of scrip shares (Note(a))	<u>—</u>	<u>—</u>	<u>13,642,875</u>	<u>171</u>
At end of period/year	<u>2,082,078,875</u>	<u>26,026</u>	<u>2,082,078,875</u>	<u>26,026</u>

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) Issue and allotment of shares

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 on 19 October 2006.

RESULTS

Performance Highlights

For the period ended 30 June 2010 and comparative periods

	1H 2009 <i>US\$'000</i>	1H 2010 <i>US\$'000</i>
Public Floors		
– Buy in	75,056	88,523
– Revenue	10,200	18,835
– Win rate	13.6%	21.3%
– Net revenue	9,424	18,091
Slot Machines		
– Bill In	40,694	246,419
– Revenue	17,007	24,312
– Net revenue	16,575	23,316
Junket		
– Rolling	1,484,831	909,915
– Revenue	34,062	20,224
– Win rate	2.3%	2.2%
– Number of visitors	7,274	3,008

Net profit for the first six months of 2010 increased by 83.5% to approximately US\$21.1 million, amidst a lagging global economic climate. This compared to approximately US\$11.5 million for the same period in 2009. The Company's significant net profit achievement was partnered with a gross profit increase of 44.1% to approximately US\$50.3 million for the first six months ended 30 June 2010, from US\$34.9 million for the same period in 2009.

Also impressive was the Company's gross profit margin at 74.2% for the first six months of 2010, which improved from 54.8% for the first six months of 2009. Revenue increased by 6.6% to approximately US\$67.8 million for the six months ended 30 June 2010, from approximately US\$63.6 million for the same period in 2009. Earnings before interest, tax, depreciation and amortisation ("EBITDA") were approximately US\$30.1 million for the six months ended 30 June 2010, and US\$17.0 million for the same period in 2009. Profits before taxation increased by 84.1% to approximately US\$23.2 million for the six months ended 30 June 2010, from approximately US\$12.6 million for the same period in 2009.

BUSINESS OVERVIEW

Worldwide tourist arrivals grew by 7% in the first four months of 2010 compared to 2009 (Source: World Tourism Organization). Tourism in Cambodia increased by approximately 11.5% to around 1.1 million visitors for the first five months of 2010 compared to the corresponding period in 2009 (Source: Ministry of Tourism). 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 market. The enhanced business efficiency is reflected in the significant increase in EBITDA margin from 26.7% for the six months ended 30 June 2009 to 44.4% for the six months ended 30 June 2010. EBITDA increased from US\$17.0 million to US\$30.1 million.

For the six months ended 30 June 2010, revenue derived from non-junket business contributed to 70.2% of the total revenue compared to 46.4% for the six months ended 30 June 2009. This improved business mix between junket and non-junket business has provided the Group with more stable revenue and higher margins.

As a result of promotional events hosted by NagaWorld and additional food and beverage outlets opened in 2009, NagaWorld is recognised as a social, recreational, events, business and tourist destination in Cambodia and is well patronised by locals and overseas visitors. This has resulted in an increase in non-gaming revenue from US\$2.3 million for the six months ended 30 June 2009 to US\$4.4 million for the six months ended 30 June 2010.

Public Floor Tables

Revenue from public floor tables increased significantly by 84.3% from US\$10.2 million for six months ended 30 June 2009 to US\$18.8 million for the six months ended 30 June 2010, as a result of higher buy-ins and win rate for the six months ended 30 June 2010.

Buy-ins on the public floor increased from US\$75.1 million for the six months ended 30 June 2009 to US\$88.5 million for the six months ended 30 June 2010, while win rates improved from 13.6% for the six months ended 30 June 2009 to 21.3% for the six months ended 30 June 2010. As at 30 June 2010, there were 59 public gaming tables.

Gaming Machine Stations

The continued enforcement of the closure of other slot machine and sports betting station outlets in Phnom Penh has resulted in a significant growth in the Group's gaming machine stations business in 2010.

As at 30 June 2010, the total number of slot stations was 846, compared with 525 as at 30 June 2009. As at the date of this announcement, a further 132 machines have been installed, bringing a total of 978, in line with our target to increase the number of slot stations to 1,000.

The sustained demand growth for gaming machines at NagaWorld has driven revenue from gaming machines stations to US\$24.3 million for the six months ended 30 June 2010, representing an increase to 42.9% from revenue of US\$17.0 million for the same period in 2009. Impressive business growth was also reflected in the increase in bills-in from US\$40.7 million for the six months ended 30 June 2009 to US\$246.4 million for the six months ended 30 June 2010.

Junket Floor Tables

Our junket business continues to be an important component of our business model. We remain very optimistic about this segment of our business as we push forward with our strategy to maintain a conservative gaming policy aimed at regional mid-size players. Our focus is on developing our junket business on our terms, which includes a very conservative credit policy and relatively low table limit. This business remolding is part of our strategic focus on building sustainable, predictable results for our shareholders.

For the six months ended 30 June 2010, revenue from our junket business was US\$20.2 million, compared to US\$34.1 million for the six months ended 30 June 2009.

The Group 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.

Revenue from our junket floor tables accounted for 29.8% of our total revenue for the six months ended 30 June 2010, compared to 53.6% for same period in 2009.

The level of gaming activity conducted at junket floor tables, as measured by rollings, decreased by 38.7% to approximately US\$0.9 billion for the six months ended 30 June 2010 from approximately US\$1.5 billion for the same period in 2009. Check-in amounts deposited by our junket players increased by 5.6% to approximately US\$188.1 million for the six months ended 30 June 2010, from approximately US\$178.1 million for the same period in 2009.

There were approximately 3,008 junket players who visited our casino for the six months ended 30 June 2010 compared to 7,274 junket players for same period in 2009. The average check-in amount per junket player was approximately US\$62,500 for the period under review and approximately US\$24,500 for the same period in 2009.

The gross profit margins for junket floor tables were 33.7 % and 20.2% for the six months ended 30 June 2010 and 2009 respectively.

The win rate of our junket business slightly decreased from 2.3% for the six months ended 30 June 2009 to 2.2% for the same period in 2010.

Hotel and entertainment operations

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

For the six months ended 30 June 2010, we derived revenue of US\$4.4 million from hotel and entertainment operations, representing an increase of 91.3% from revenue of US\$2.3 million for the same period in 2009. The revenue was derived from the provision of hotel and entertainment services to both gaming and non-gaming patrons.

Currently, NagaWorld's hotel is operating at an average occupancy rate of approximately 80%. As these high occupancy rates continue, we expect to see the results flow through to the mass market segment of our business.

Gross Profit

Gross profit margin improved from 54.8% for the six months ended 30 June 2009 to 74.2% for the same period in 2010 due to a more efficient business mix, where 70.2% of total revenue was derived from the public floor, gaming machines and non-gaming business segments, as compared to only 46.4% for the same period in 2009. These business segments do not incur rolling commissions, compared to the junket business where commissions are paid based on rollings achieved by junket players.

Administrative and other operating expenses (Before Depreciation and Amortisation)

Administrative and other operating expenses increased by 15.1% to approximately US\$20.6 million for the six months ended 30 June 2010, from approximately US\$17.9 million for the same period in 2009. The change was due to an increase in fuel consumption for the operation and usage of various gaming, hotel spaces and additional food and beverage outlets opened in the third quarter 2009, and promotional events hosted by NagaWorld.

Finance costs

We did not incur finance costs as there were no financing arrangements for the six months ended 30 June 2010.

Net Profit

Profit attributable to equity shareholders of the Company or net profit increased by 83.5% to approximately US\$21.1 million for the six months ended 30 June 2010, from approximately US\$11.5 million for the same period in 2009. Net profit margins were 31.1% and 18.1% for the six months ended 30 June 2010 and 2009 respectively.

Earnings per share were approximately US cents 1.01 (HK cents 7.88 per share) and US cents 0.56 (HK cents 4.37 per share) for the six months ended 30 June 2010 and 2009 respectively.

FINANCIAL REVIEW

Pledge of Assets

As at 30 June 2010 the Group had not pledged any assets for bank borrowings (31 December 2009: Nil).

Contingent Liabilities

As at 30 June 2010, the Group had no contingent liabilities. In relation to the litigation of a junket VIP group as disclosed in the annual report 2009, 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. Expenditures are 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

There were no share issues during the period under review.

Liquidity, Financial Resources and Gearing

As at 30 June 2010, the Group had total cash and cash equivalents of approximately US\$27.6 million (31 December 2009: approximately US\$19.0 million).

As at 30 June 2010, the Group had net current assets of approximately US\$55.7 million (31 December 2009: approximately US\$42.6 million).

As at 30 June 2010, the Group had no outstanding borrowings (31 December 2009: US\$ Nil).

Capital and Reserves

As at 30 June 2010, the capital and reserves attributable to equity shareholders of the Company was approximately US\$300.5 million (31 December 2009: approximately US\$287.7 million).

Staff

For six months ended 30 June 2010, the Group employed, on average, a work force of 3,233 (For six months ended 30 June 2009: 3,188) stationed mostly in Cambodia, Malaysia and Hong Kong. Remuneration and staff costs for the six months ended 30 June 2010 was approximately US\$8.7 million (for the six months ended 30 June 2009: approximately US\$9.6 million).

Trade receivables and credit policy

NagaWorld is committed to delivering excellence in services and products to its gaming customers and strong relationships with its junket operators are crucial toward satisfying this objective. The Company has maintained a win-win cordial commercial relationship with many of these junket operators for a very long period of time, spanning many ups and downs in economic cycles. Mutual support is essential, as our junket VIP business continues to make an important contribution to our business. However, we continue to closely monitor and review the performance of our operators. Only bona fide, hardworking, honest and result-oriented operators who abide by our strict credit policy and guidelines are retained.

We have closely monitored the changes in trade receivables and focused on their recovery, resulting in a 9.0% decrease in trade receivables from US\$51.0 million to US\$46.4 million.

Management has stringent credit guidelines and supervision in place for monitoring our junket operators, and depending on the performance and other criteria as set by the Company from time to time, some unqualified operators are not granted a credit facility. By doing so, we believe that this revised credit policy will be beneficial to the control and management of trade receivables in the future. We also have discontinued the policy of granting credit facilities to our customers, thus stopping our exposure to gaming patrons and reducing our debtors situation.

For the period under review, the Group made a provision for doubtful debts of US\$1.3 million in respect of trade receivables which are deemed doubtful to recover.

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 is of international standard with a built-up area of approximately 110,768 square meters. As at 30 June 2010, NagaWorld offered 123 gaming tables, 846 gaming machine stations, 508 hotel rooms, 11 food and beverage outlets, a karaoke venue, a spa and the largest meetings, incentives, conventions and exhibitions facilities (“MICE”) in Cambodia.

We have refreshed and renewed the look of the ground floor at the entertainment wing of NagaWorld and have added a ground-floor club lounge in the hotel wing. With the completion of the third floor 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 we believe any upgrade will turn the complex into a more attractive destination both within Cambodia and the Greater Indochina region.

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

PROSPECTS

During the first half of the year, we aggressively pursued our revenue goals. We surpassed those goals, achieving close to 100% increase in net profit compared to the same period last year. We achieved these impressive results through the strong growth of our public floor and gaming machines business segments, which resulted in a healthier, more efficient and profitable business mix. During this period, 70.2% of our total revenues were derived from these segments, compared to 46.4% for the same period in 2009.

The solid results from our public floor and gaming machines business means that we are significantly less reliant on the junket business, where margins are relatively thin due to commissions payable to junket operators. Our junket business continues to be an important component of our business model. We remain very optimistic about this segment of our business as we push forward with our strategy to maintain a conservative gaming policy aimed at regional mid-size players. Our focus is on sustaining our junket business on our terms, which includes a very conservative credit policy and relatively low table limit. This business remodeling is part of our strategic focus on building sustainable, predictable results for our shareholders.

As we create more critical mass to compliment our business, building non-commission revenue with higher margins is prominent in our long term roadmap. This change in business mix had a direct positive impact on our profit margins. For example, our gross profit margin improved from 54.8% for the first six months of 2009 to 74.2% for the same period in 2010. Our EBITDA margin grew from 26.7% for the period ended 30 June 2009 to 44.4% for the same period of 2010. The higher ratio of non-junket business has also resulted in lower earnings volatility for the Group, introducing the possibility of even better margins in the future.

Our business remodeling strategy is focused on sustainable, predictable results for our shareholders, not the explosive growth many other gaming operators seek. This means less emphasis on our junket segment and more effort aimed at our direct mid-range junket players, who play without commission-earning middlemen. This of course is alongside an increased outreach aimed at increasing our public floor and gaming machines segment. We are modeling ourselves after some of the outstanding casinos in the Asia region that have also focused on the mass market side of the business, and have experienced phenomenal long term success. This remodeling is part of an evolutionary process for NagaCorp and we feel very positive about where it is taking us.

Tourist arrivals to Cambodia for the first five months of 2010 represent an increase of approximately 11.5% to around 1.1 million visitors. The majority of these visitors who come to Phnom Penh also visit NagaWorld, making our hotel and entertainment complex one of the most visited sites in the Kingdom of Cambodia. We work diligently with various local travel agencies to bring tour groups to NagaWorld, reinforcing our status as a ‘must see’ tourist destination. We are convinced that as long as the country’s tourists numbers continue to increase, the number of visitors to NagaWorld will increase proportionately. This important component of our daily foot traffic is also a key in growing our mass market audience.

Our strategic priorities are the following:

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

Achieving these priorities and continuing on our positive trajectory will require focus and tenacity. Specifically, we will:

- 1) Continue driving our impressive mass market growth by tapping into economically burgeoning markets through focused marketing initiatives, and adding additional slots and gaming tables as appropriate
- 2) Continue our prudent yet solid junket strategy – this includes pursuing new markets and continuing to position ourselves as the number one destination for mid-size junket players
- 3) Reach a maximum usage point with our current property NagaWorld, where there remains substantial development opportunities.

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

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

In the Directors’ opinion, having considered among 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 as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2010.

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 2010 have been reviewed by the audit committee of the Company which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

INTERIM DIVIDEND

The Board has resolved to declare payment of an interim dividend of US cents 0.71 per share (or equivalent to HK cents 5.54 per share) for the six months ended 30 June 2010 to shareholders of the Company. This represents a dividend payout ratio of approximately 70%, based on the net profit generated for the period. The Company will make further announcement in respect of the book closure period and 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 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

PUBLICATION OF FINANCIAL INFORMATION

The interim report of the Group for the six months ended 30 June 2010 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 Philip Lee Wai Tuck

Non-executive Directors

Timothy Patrick McNally, Chen Yiy Fon and Michael Lai Kai Jin

Independent Non-executive Directors

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

Hong Kong, 18 August 2010

* *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.