

For Immediate Release



NagaCorp Announces First Half 2010 Interim Results

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83% increase in Net Profit

Hong Kong, August 18, 2010 – **NagaCorp Ltd.** (“NagaCorp” or the “Group”, SEHK stock code: 3918), the largest leisure & entertainment gaming company in Phnom Penh, Cambodia, announced today that it achieved an increase of 83% in net profit for the period ending June 30, 2010.

1) 83% increase in Net Profit: During the period under review, the Group achieved US\$21 million in Net Earnings, an increase of 83%. This was achieved on the backdrop of a 7% increase in revenue and a 39% reduction in costs, as well as remodeling the business strategy towards concentrating on the more lucrative public floor and slots business.

2) 44% EBITDA margin and 74% Gross Profit margin: NagaWorld continued to achieve results in its cost cutting initiatives and net profit enhancement - the company achieved 39% in cost cutting, reaching a **high Gross Profit margin** of 74% and a **high EBITDA margin** of 44%.

3) 70% Dividend Payout Ratio: The Board has resolved to declare an interim dividend of US cents 0.71 per share (approximately HK cents 5.54 per share), representing a dividend payout ratio of approximately 70% based on net profit for the six months ended 30 June 2010. The Group’s balance sheet remained solid during the period. Total Assets and Net Assets per Share were US\$325 million and US14.4 cents per share respectively.

4) Slot business-WUD jumps 170% despite an increase in the number of machines by 61%: The regulatory and supervisory environment of gaming machine stations continues to improve in Cambodia, and the closure of slot machine outlets and sports betting stations have helped create notable growth in the number of slot machines in NagaWorld. During the period under review, the total number of slot stations was 846, an increase of 61% (compared with 525 slot machines in 1H 2009). As of the date of this announcement, the number of slot stations increased to 978, and by the end of 2010, the company expects to have approximately 1,200 slot machines. During the period under review, despite the 61% increase in the number of machines, the WUD (Win per Unit per Day) increased by 170% compared with 1H2009.

5) Public & Junket Floor business: During the period under review public floor revenue grew by **85%** (compared with 1H2009) and win rates grew to a healthy

21.3% compared with 13.6%, an improvement of 57%. For the junket business, despite a drop in junket revenue by 41% compared with 1H2009, the company maintained its prudent gaming policy and selection of high quality operators, and saw average check-in amounts deposited per player increase by 24% compared with 2H2009. The group remains optimistic that it can slowly increase junket business volume and revenue by adhering to its policy of catering to regional mid-size players and maintaining reasonably-sized table limits. NagaWorld remains a favorite destination for travelers visiting Cambodia. The latest count of average number of tour buses visiting NagaWorld has increased from 32 to 150 with an average of about 80 buses per day.

6) **96% Increase in non- gaming revenue:** Hotel and entertainment operations represents the non-gaming revenue in NagaWorld. The revenue was derived from the provision of hotel and entertainment services to both gaming and non-gaming patrons.

BUSINESS OVERVIEW

NagaWorld aims to be the entertainment capital of Indochina.

During the period under review, the Group achieved US\$21 million in Net Earnings, an increase of 83%. This was achieved on the backdrop of a 7% increase in Revenue and a 39% reduction in costs, as well as remodeling the business strategy towards concentrating on the more lucrative public floor and slots business.

The slot machines business continued to improve with an increase of approximately 43% in revenue to US\$24.3 million as a result of continued improvement in the gaming regulatory and supervisory environment. The public floor business improved by achieving revenue of US\$18.9 million, or an increase of 85%. As a result of continuing its prudent gaming policy, the company's junket business saw a steady increase of 5% (follow through from 2H2009), although revenue dropped by 41% compared with 1H2009.

NagaWorld continued to remain a popular destination for both locals and tourists and saw an increase of 96% of non-gaming revenue from its hotel operations and other entertainment related facilities.

The Group continued exercising efficiency in running its business during the period under review and achieved a cost cutting efficiency of 39%.

PROSPECTS

NagaCorp's **corporate vision** is to become a world class corporation "with excellence in its products, people and profitability" for the benefit of the host nation and all its shareholders.

NagaCorp net profit in the first half of 2010 shows the ability of the Group to spring back to action after a very challenging & tumultuous 2009. The company continued to benefit from the improving political stability of the host nation.

Building non-commission revenue with higher margins is prominent in NagaCorp's long term roadmap. The company's business remodeling strategy is focused on sustainable, predictable results rather than explosive growth for its shareholders. This means less emphasis on its traditional junket segment and more effort aimed at direct mid-range junket

players, who play without commission-earning middlemen, alongside an increased outreach aimed at increasing the company's public floor and gaming machines segment. This remodeling is part of an evolutionary process of NagaCorp, and the company is optimistic about the long term success it can achieve with this strategy.

The steadily increasing tourist arrivals and political stability in Cambodia point toward a more affluent local community that will enlarge NagaWorld's qualified players on its public floors and gaming machines. For the first six months of 2010, tourist arrivals to Cambodia rose by 12.4% to around 1.2 million visitors. The majority of these visitors to Phnom Penh also visited NagaWorld, making NagaWorld's hotel and entertainment complex one of the most visited sites in the country. The company works diligently with various local travel agencies to bring tour groups to NagaWorld, reinforcing its status as a "must see" tourist destination. Also, the company believes that as long as Cambodia's tourists numbers continue to increase, the number of visitors to NagaWorld will increase proportionately. This important component of NagaWorld's daily foot traffic is key in growing its mass market audience.

Meanwhile, the company remains very optimistic about its junket business as NagaCorp pushes forward with its strategy to maintain a conservative gaming policy aimed at regional mid-sized players. The company's focus is on sustaining its junket business on its terms, which includes a very conservative credit policy and relatively reasonably sized table limit..

The company will continue to pursue the following strategic priorities:

- 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 its positive trajectory will require focus and tenacity from the company's leadership. Specifically, NagaCorp will:

- 1) Continue driving its 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 a prudent yet solid junket strategy – this includes pursuing new markets and continuing to position the company as the number one destination for mid-size junket players
- 3) Reach a maximum usage point with its current property NagaWorld, where there remains substantial development opportunities.

With a strong management team in place, NagaWorld is intent on positioning itself as Indochina's premier hotel casino complex, offering international standard services and products to its customers and visitors coming from surrounding and growing economies. The success of the company's gaming and entertainment business will, in turn, benefit Cambodia

as a host nation and continue generating return for the company, its shareholders and investors.

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ABOUT NAGACORP LTD

NagaCorp Ltd. was listed on The Hong Kong Stock Exchange in October 2006 (SEHK stock code: 3918). Established in 1995, NagaCorp wholly owned subsidiary Nagaworld Ltd owns, manages and operates the only & largest world class comprehensive hotel casino entertainment complex in Phnom Penh, the capital city of the Kingdom of Cambodia. It owns a casino license valid for 70 yrs and exclusive gaming rights for a period of around 41 years (1995-2035).

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