



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 2007**

Unaudited consolidated interim financial results for the interim 2007

- Revenue increased by 54.4% to approximately US\$64.7 million
- Gross profit increased by 25.7% to approximately US\$33.7 million
- Net profit increased by 14.7% to approximately US\$20.1 million
- Earnings per share of US cents 0.97 per share
- Declared an interim dividend of US cents 0.67 per share (or equivalent to HK cents 5.23 per share), representing a dividend payout ratio of approximately 70% based on the net profit generated for the period

Appointments of Directors

- The Board is pleased to announce the appointments of two independent non-executive Directors namely Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Mr. Lim Mun Kee, the re-designation of Mr. Timothy Patrick McNally from an independent non-executive director to a non-executive director and the appointment of Mr. Angus Au-Yeung Wai Kai as an executive Director, and the promotion of Mr. Angus Au-Yeung Wai Kai to the position of the chief financial officer of the Company. The appointments, re-designation of Directors and the promotion are effective on 17 September 2007

Change in composition of the Board Committees

With effect immediately following the appointments of Directors as mentioned above:-

- (i) the audit committee of the Company comprises Mr. Jimmy Leow Ming Fong, Mr. Lim Mun Kee and Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir;
- (ii) the remuneration committee of the Company comprises Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, Mr. Jimmy Leow Ming Fong, Tan Sri Dr. Chen Lip Keong and Mr. Angus Au Yeung Wai Kai; and
- (iii) the nomination committee of the Company comprises Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, Mr. Jimmy Leow Ming Fong, Tan Sri Dr. Chen Lip Keong and Mr. Angus Au Yeung Wai Kai.

The board (the “Board”) of directors (the “Directors”) of NagaCorp Ltd. (the “Company” and together with its subsidiaries the “Group”) is pleased to announce the unaudited consolidated interim financial results of the Group for the six months ended 30 June 2007. In consideration of the Company’s good financial results, the Board has resolved to declare an interim dividend of US cents 0.67 per share (or equivalent to HK cents 5.23 per share) for the six months ended 30 June 2007), representing a dividend payout ratio of approximately 70% based on the net profit generated for the period.

UNAUDITED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30 June	
	Notes	2007	2006
		Unaudited	Unaudited
		US\$'000	US\$'000
Revenue	3	64,748	41,935
Cost of sales		<u>(31,021)</u>	<u>(15,094)</u>
Gross profit		33,727	26,841
Other operating income		18	18
Administrative expenses		(6,583)	(3,063)
Amortisation of casino licence premium	9	(1,773)	(1,773)
Depreciation		(291)	(181)
Other operating expenses		<u>(5,646)</u>	<u>(3,565)</u>
Profit from operations		19,452	18,277
Interest income		<u>1,489</u>	<u>—</u>
Profit before taxation	4	20,941	18,277
Income tax	5	<u>(856)</u>	<u>(760)</u>
Profit attributable to equity shareholders of the Company		<u>20,085</u>	<u>17,517</u>
Dividends payable to equity shareholders of the Company attributable to the period:			
Interim dividend declared	6(a)	0	18,000
Special dividend proposed after balance sheet date	6(b)	—	10,000
Interim dividend declared after balance sheet date	6(c)	<u>14,000</u>	<u>—</u>
		<u>14,000</u>	<u>28,000</u>
Earnings per share (US cents)	7	<u>0.97</u>	<u>1.29</u>

UNAUDITED CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	30 June 2007 <i>Unaudited US\$'000</i>	31 December 2006 <i>Audited US\$'000</i>
Non-current assets			
Fixed assets	8		
- Property, plant and equipment		75,336	46,868
- Interest in leasehold land held for own use under operating lease		669	674
Intangible assets	9	<u>99,898</u>	<u>101,671</u>
		<u>175,903</u>	<u>149,213</u>
Current assets			
Consumables	10	30	17
Trade and other receivables	11	16,350	12,132
Deposit payments for purchase of raw materials	12	4,157	8,312
Cash at bank and in hand		<u>63,900</u>	<u>78,301</u>
		<u>84,437</u>	<u>98,762</u>
Current liabilities			
Trade and other payables	13	12,241	9,973
Current tax liabilities		5	11
Obligations under finance leases		2	2
Provisions		<u>2,096</u>	<u>2,096</u>
		<u>14,344</u>	<u>12,082</u>
Net current assets		<u>70,093</u>	<u>86,680</u>
Total assets less current liabilities		<u>245,996</u>	<u>235,893</u>
Non-current liability			
Obligations under finance leases		<u>10</u>	<u>11</u>
NET ASSETS		<u>245,986</u>	<u>235,882</u>
Capital and reserves			
Share capital		25,938	25,938
Reserves		<u>220,048</u>	<u>209,944</u>
TOTAL EQUITY		<u>245,986</u>	<u>235,882</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Note</i>	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Merger deficit <i>US\$'000</i>	Capital contribution reserve <i>US\$'000</i>	Exchange reserve <i>US\$'000</i>	Retained profits <i>US\$'000</i>	Total <i>US\$'000</i>
At 1 January 2006		15,500	—	(12,812)	568	—	18,040	21,296
Issue of shares		2,529	47,471	—	—	—	—	50,000
Profit for the period		—	—	—	—	—	17,517	17,517
Dividend declared	6(a)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(18,000)</u>	<u>(18,000)</u>
At 30 June 2006		<u>18,029</u>	<u>47,471</u>	<u>(12,812)</u>	<u>568</u>	<u>—</u>	<u>17,557</u>	<u>70,813</u>
At 1 January 2007		25,938	134,477	(12,812)	55,568	53	32,658	235,882
Profit for the period		—	—	—	—	—	20,085	20,085
Dividend declared	6(b)	—	—	—	—	—	(10,000)	(10,000)
Exchange adjustments		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>19</u>	<u>—</u>	<u>19</u>
At 30 June 2007		<u>25,938</u>	<u>134,477</u>	<u>(12,812)</u>	<u>55,568</u>	<u>72</u>	<u>42,743</u>	<u>245,986</u>

Notes:

1. Basis of preparation

The unaudited consolidated interim financial statements at and for the six months ended 30 June 2007 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*, promulgated by the International Accounting Standards Board (“IASB”).

The unaudited consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted by the Group in its audited consolidated financial statements at and for the year ended 31 December 2006.

The preparation of unaudited consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The unaudited consolidated interim financial statements contain the unaudited consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The unaudited consolidated interim financial statements do not include all the information required for a full set of annual financial statements prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) adopted by IASB, and should be read in conjunction with the audited consolidated financial statements of the Group at and for the year ended 31 December 2006.

The consolidated interim financial report to be despatched to shareholders of the Company is unaudited, but has been reviewed by KPMG Malaysia in accordance with International Standards on Review Engagements (“ISRE”), 2400 “Engagement to Review Financial Statements”.

The financial information relating to the financial year ended 31 December 2006 that is included in the unaudited consolidated interim financial statements do not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements.

Comparative figures for the preceding six months ended 30 June 2006 were not audited nor reviewed by KPMG or other auditors and are presented in the unaudited consolidated interim financial statements merely for comparative purposes.

2. Segment information

Segment information is presented in respect of the Group's business segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

(a) *Business segments*

	Corporate and Hotel and Casino operations	entertainment operations	Inter-segment elimination	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<i>Revenue from external customers:</i>				
Six months ended:				
30 June 2007	64,661	510	(423)	64,748
30 June 2006	<u>41,837</u>	<u>195</u>	<u>(97)</u>	<u>41,935</u>
<i>Segment profit/(loss) from operations:</i>				
Six months ended:				
30 June 2007	25,516	(6,339)	—	19,177
30 June 2006	<u>21,191</u>	<u>(2,914)</u>	<u>—</u>	<u>18,277</u>
<i>Segment assets:</i>				
30 June 2007	129,137	131,203	—	260,340
31 December 2006	<u>116,915</u>	<u>131,060</u>	<u>—</u>	<u>247,975</u>
<i>Segment liabilities:</i>				
30 June 2007	(11,629)	(2,725)	—	(14,354)
31 December 2006	<u>(8,507)</u>	<u>(3,586)</u>	<u>—</u>	<u>(12,093)</u>
<i>Net assets:</i>				
30 June 2007	117,508	128,478	—	245,986
31 December 2006	<u>108,408</u>	<u>127,474</u>	<u>—</u>	<u>235,882</u>

Revenue and profit from the “Corporate and hotel and entertainment operations” comprise income from the operation of a food and beverage outlet and restaurant. In addition to assets employed for the operation of the food and beverage outlet and restaurant, the assets of “Corporate and the hotel and entertainment operations” also include leasehold land and capital work-in-progress for the NagaWorld project in Phnom Penh.

All activities and net assets relate to continuing operations.

(b) ***Geographical segments***

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

(c) ***Discontinued operations***

There are no discontinued operations during the current and prior interim period and there are no net assets relating to discontinued operations as at 30 June 2007 and 2006.

3. **Revenue**

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

	Six months ended 30 June	
	2007	2006
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Casino operations	63,126	40,289
Income from operating lease for the provision and maintenance of gaming machine stations	1,535	1,548
Sale of foods and beverages	<u>87</u>	<u>98</u>
	<u>64,748</u>	<u>41,935</u>

4. **Profit before taxation**

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

	Six months ended 30 June	
	2007	2006
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Amortisation of casino licence premium	1,773	1,773
Depreciation of property, plant and equipment	291	181
Exchange (gain)/loss	(120)	10
Fuel expenses	653	448
Operating lease charges for properties	175	101
Operating lease charges for hire of equipment	83	43
Other taxes (Note a)	25	52
Staff costs (Note b)		
- Salaries, wages and other benefits	5,765	3,419
- Contributions to defined retirement scheme	<u>1</u>	<u>4</u>

Notes:

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

(b) Included in staff costs are the following:

	Six months ended 30 June	
	2007	2006
	<i>US\$'000</i>	<i>US\$'000</i>
Directors' remuneration		
- Basic salary and allowances	436	383
- Contributions to defined retirement scheme	2	2
- Discretionary bonus	857	—
Senior management remuneration		
- Basic salary, allowances and benefits-in-kind	544	232
- Discretionary bonus	<u>45</u>	<u>—</u>

5. Income tax

Income tax in the income statement represents:

	Six months ended 30 June	
	2007	2006
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Current tax expense		
- Hong Kong	—	—
- Kingdom of Cambodia	856	760
- Malaysia	<u>—</u>	<u>—</u>
	<u>856</u>	<u>760</u>

Taxation represents obligation payment of US\$142,383 (six month ended 30 June 2006: US\$126,563) per month payable to The Ministry of Economy and Finance of Cambodia.

There are no Malaysian or Hong Kong income taxes applicable to the Group.

6. Dividends declared

(a) *Dividends attributable to the interim period*

	Six months ended 30 June	
	2007	2006
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Interim dividend declared:		
2007: Nil	—	—
2006: US\$1.25 cents per ordinary share	<u>—</u>	<u>18,000</u>
	<u>—</u>	<u>18,000</u>

(b) *Special dividends attributable to the previous financial year, approved and paid during the interim period*

	Six months ended 30 June	
	2007	2006
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Special dividend in respect of the financial year ended 31 December:		
2006: US\$0.48 cents per ordinary share	<u>10,000</u>	<u>—</u>

No special dividend was proposed in respect of the financial year ended 31 December 2005.

(c) *Dividends attributable to the interim period declared after balance sheet date*

	Six months ended 30 June	
	2007	2006
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Interim dividend declared after balance sheet date:		
2007: US\$0.67 cents per ordinary share	14,000	—
2006: Nil	<u>—</u>	<u>—</u>
	<u>14,000</u>	<u>—</u>

Subsequent to balance sheet date, the Board has resolved to declare payment of an interim dividend of US\$0.67 cents per ordinary share for the six months ended 30 June 2007 to shareholders whose names appear on the Register of Members of the Company. This interim dividend declared after balance sheet date has not been accounted for in the unaudited consolidated interim financial statements.

7. 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\$20,085,000 (six months ended 30 June 2006: US\$17,517,000) and the weighted average number of 2,075,000,000 (2006: 1,354,678,379) ordinary shares in issue during the interim period.

There were no dilutive potential ordinary shares during the six months ended 30 June 2007 and 2006.

The weighted average number of ordinary shares is as follows:

	2007	2006
At 1 January	2,075,000,000	1,240,000,080
Capitalisation Issue (Note 14)	—	57,667,509
Effect of shares issued to Tan Sri Dr Chen Lip Keong pursuant to an agreement with Ariston Sdn. Bhd. and Ariston Holdings Sdn. Bhd. (Note 14)	<u>—</u>	<u>57,010,790</u>
At 30 June	<u>2,075,000,000</u>	<u>1,354,678,379</u>

8. Fixed assets

During the six months ended 30 June 2007, the Group acquired property, plant and equipment, totalling US\$2,928,000, and incurred US\$25,832,000 in respect of capital work-in-progress in relation to the construction of the hotel and casino complex at Kingdom of Cambodia.

Property, plant and equipment with a net book value of US\$3,913 were disposed of by the Group during the six months ended 30 June 2007.

9. Intangible assets

	30 June 2007 <i>Unaudited</i> US\$'000	31 December 2006 <i>Audited</i> US\$'000
Casino licence premium and extended exclusivity premium, at cost		
At beginning/end of period/year	<u>108,000</u>	<u>108,000</u>
Accumulated amortisation		
At beginning of period/year	6,329	2,782
Charge for the period/year	<u>1,773</u>	<u>3,547</u>
	<u>8,102</u>	<u>6,329</u>
Carrying amount		
At end of period/year	<u>99,898</u>	<u>101,671</u>

10. Consumables

Consumables comprise food and beverage, diesel and sundry store items.

11. Trade and other receivables

	30 June 2007	31 December 2006
	<i>Unaudited</i>	<i>Audited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	13,191	8,351
Other receivables, deposits and prepayments	<u>3,318</u>	<u>3,940</u>
	16,509	12,291
Less: Allowance for doubtful debts	<u>(159)</u>	<u>(159)</u>
	<u><u>16,350</u></u>	<u><u>12,132</u></u>

Trade receivable (net of allowance for doubtful debts) expected to be recovered within twelve months from the balance sheet date are debtors with the following ageing analysis:

	30 June 2007	31 December 2006
	<i>Unaudited</i>	<i>Audited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Current	9,465	5,635
1 to 3 months overdue	1,150	1,156
3 to 6 months overdue	1,148	961
6 to 12 months overdue	1,233	—
More than 12 months overdue	<u>36</u>	<u>440</u>
	<u><u>13,032</u></u>	<u><u>8,192</u></u>

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requesting credit facility.

12. Deposit payments for purchase of raw materials

	30 June 2007	31 December 2006
	<i>Unaudited</i>	<i>Audited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Deposit payments for purchase of raw materials	<u>4,157</u>	<u>8,312</u>

As at 30 June 2007, deposit payments for the purchase of raw materials by the Group relates to deposits made for purchases of raw materials necessary for the construction of the hotel and casino complex. It is anticipated that the materials will be used within twelve months.

13. Trade and other payables

	30 June 2007	31 December 2006
	<i>Unaudited</i>	<i>Audited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Unredeemed casino chips	6,929	3,641
Construction creditors	1,343	1,365
Tax penalties and late payment interest	946	939
Other taxes (a)	685	804
Trade creditors	630	1,397
Deposits	561	60
Other creditors and accruals	<u>1,147</u>	<u>1,767</u>
	<u><u>12,241</u></u>	<u><u>9,973</u></u>

Notes:

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

Included in trade and other payables are trade creditors with the following aging analysis as of balance sheet date:

	30 June 2007	31 December 2006
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Due within 1 month or on demand	160	118
Due after 1 month but within 3 months	45	477
Due after 3 months but within 6 months	—	1
Due after 6 months but within 12 months	418	—
More than 12 months	<u>7</u>	<u>801</u>
	<u><u>630</u></u>	<u><u>1,397</u></u>

14. Share capital

	30 June 2007		31 December 2006	
	<i>No of shares</i>	<i>US\$'000</i>	<i>No of shares</i>	<i>US\$'000</i>
At beginning of period/year	2,075,000,000	25,938	1,240,000,080	15,500
Shares issued during the period/year	—	—	777,332,411	9,717
Capitalisation issue	<u>—</u>	<u>—</u>	<u>57,667,509</u>	<u>721</u>
At end of period/year	<u><u>2,075,000,000</u></u>	<u><u>25,938</u></u>	<u><u>2,075,000,000</u></u>	<u><u>25,938</u></u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(a) *Shares issued during the year*

On 11 May 2006, the Company issued 202,332,411 new ordinary shares of US\$0.0125 each to Tan Sri Dr Chen Lip Keong pursuant to an agreement with, amongst others, Ariston Sdn. Bhd. and Ariston Holdings Sdn. Bhd.

On 19 October 2006 and 2 November 2006, as part of the Company's initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited, the Company issued 575,000,000 new ordinary shares of US\$0.0125 each.

(b) *Capitalisation issue*

On 4 October 2006, an amount of US\$720,844 of the share premium account was applied in paying up in full 57,667,509 new ordinary shares of US\$0.0125 each which were allotted and distributed as fully paid to existing shareholders in the proportion of one new ordinary share for every 25 existing ordinary shares then held.

MANAGEMENT DISCUSSION AND ANALYSIS

Our principal business is management and operation of the only licensed casino in Phnom Penh, the capital city of Cambodia. We hold a casino licence (the "Casino Licence") issued by the Royal Government of Cambodia giving us the right to operate casino activities in the country for a period of 70 years commencing from 2 January 1995 with around 41 years exclusivity within 200 km radius of the city (except the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville).

The following discussion should be read in conjunction with the unaudited consolidated interim financial statements and notes thereto included in this announcement. The unaudited consolidated interim financial statements had been prepared in accordance with all applicable International Financial Reporting Standards promulgated by the International Accounting Standards Board.

The Company has completed the initial public offering ("IPO") of its shares for listing on the main board of the Stock Exchange of Hong Kong Limited on 19 October 2006.

RESULTS

Our gaming business continued to grow for the financial period under review.

Revenue increased by 54.4% to approximately US\$64.7 million for the six months ended 30 June 2007 from approximately US\$41.9 million for the same period in 2006. Profits before taxation increased to approximately US\$20.9 million for the six months ended 30 June 2007 from approximately US\$18.3 million for the same period in 2006. Profit attributable to the equity shareholders of our Company amounted to approximately US\$20.1 million for the six months ended 30 June 2007, representing an increase of 14.7% compared to approximately US\$17.5 million for the same period in 2006.

BUSINESS REVIEW

Our operations continued to benefit from the political stability and economic expansion of Cambodia for the financial period under review. The number of visitor arrivals to Cambodia increased by approximately 25% to around 1.0 million visitors for the six months ended 30 June 2007 from around 0.8 million visitors for the same period in 2006. (*Source: Ministry of Tourism, Cambodia*)

For the six months ended 30 June 2007, casino operations continued to be the major revenue contributor for us and brought in revenue of approximately US\$64.7 million, representing over 99% of our total revenue. Revenue derived from casino operations was approximately US\$41.8 million for the same period in 2006. The majority of the revenue from the hotel wing was inter-divisional and was eliminated on consolidation. The increase of approximately 54.8 % in revenue from casino operations was mainly attributable to the higher revenue contributions from our specialised tour group (STG) floor tables and Public floor tables for the six months ended 30 June 2007. We have launched a number of programmes, which were well received by the market as reflected by the increase in number of customers who joined the programmes and the number of visitors who visited our casino for the six months ended 30 June 2007. Our table limits have also increased from US\$18,000 to US\$50,000 to cater for players with higher check-ins and deposits. Cambodians holding foreign passports also contributed to the increase in revenue for the period under review.

STG Floors

Revenue from STG floor tables increased notably by 91.0% to approximately US\$44.6 million for the six months ended 30 June 2007 from approximately US\$23.3 million for the same period in 2006. This was the result of the increase in number of quality STG players, the increase in the check-ins and the increase in number of tables and table limits. It is noteworthy that revenue from STG floor tables accounted for approximately 68.8% of our total revenue for the six months ended 30 June 2007.

There was a notable increase in the number of STG players who visited our casino. For the six months ended 30 June 2007, 9,192 STG players visited our casino compared to 6,704 STG players for the same period in 2006, representing an increase of 37.1% in the number of STG players. We have increased the number of STG tables to 40 tables for the six months ended 30 June 2007. Levels 5, 6, 7 and 8 of the entertainment wing of NagaWorld were completed.

The total check-in amounts deposited by STG players increased by 57.8% to approximately US\$233.7 million for the six months ended 30 June 2007 from approximately US\$148.1 million for the same period in 2006. The average check-in amounts per STG player was approximately US\$25,424 per STG player for the six months ended 30 June 2007 and US\$22,091 for the same period in 2006.

Public Floor Tables

Public floor tables generated revenue of approximately US\$18.6 million for the six months ended 30 June 2007 compared to approximately US\$17.0 million for the same period in 2006. Revenue derived from 44 public floor tables accounted for approximately 28.7% of our total revenue for the six months ended 30 June 2007. The buy-in amounts made by public players increased to approximately US\$68.0 million for the six months ended 30 June 2007 from approximately US\$64.7 million for the same period in 2006.

Gaming Machine Stations

Pursuant to the existing arrangement for provision of gaming machine stations in our casino, we will continue to receive fixed income payments in aggregate of US\$10 million for the four years ending 30 June 2009. We are not required to pay rental costs for the gaming machine stations under the arrangement.

For the six months ended 30 June 2007, revenue derived from the gaming machine stations was approximately US\$1.5 million, the same as that recorded for the same period in 2006.

As at the end of June 2007, 211 gaming machine stations, the same number of gaming machine stations for the same period in 2006, were available for patronage in our casino.

Gross Profit

For the six months ended 30 June 2007, cost of sales increased to approximately US\$31.0 million from approximately US\$15.1 million for the same period in 2006. The increase in cost of sales was attributable to the rise in rollings achieved by STG players and other players resulting in higher commissions paid to STG operators and local operators. The rise in related expenditure, such as costs for accommodation, food and beverages and rebates for air tickets also added to the cost of sales. For the financial period under review, gross profit increased by 25.7% to US\$33.7 million from US\$26.8 million for the same period in 2006.

The Company recorded gross profit margins of 52.1% for the financial period under review against 64.0% for the same period in 2006.

Operating and administrative expenses

NagaWorld requires additional trained professionals to manage the gaming and hotel operations and other entertainment facilities. We have recruited new talents to cater for our business expansion. Staff costs rose to approximately US\$5.8 million for the six months ended 30 June 2007 from approximately US\$3.4 million for the same period in 2006 on account of the increase in number of employees to 1,564 employees as at 30 June 2007.

Administrative expenses increased to approximately US\$6.6 million for the financial period under review from approximately US\$3.1 million for the same period in 2006. The rise can, to a certain extent, be attributable to the payment of an insurance premium by the Group for the purpose of hedging country risk in Cambodia as part of the IPO process, completed in October 2006. No such insurance premium was paid for the first six months in 2006.

For the six months ended 30 June 2007, amortisation expense of approximately US\$1.8 million was incurred in relation to the amortisation of the premium for extension of the exclusivity period of the Casino Licence, which is the same as that recorded for the six months ended 30 June 2006.

Finance costs

We did not incur finance costs as there were no significant financing arrangements for the six months ended 30 June 2007.

Net Profit

For the six months ended 30 June 2007, net profit increased to approximately US\$20.1 million from approximately US\$17.5 million for the same period in 2006, representing an increase of 14.7%. Investments and recruitment for new staff are required prior to the full completion of NagaWorld and therefore initial outlays have been made. In view of the above, the Company recorded net profit margin of 31.0% for the six months ended 30 June 2007 against 41.8% for the same period in 2006.

Earnings per share were approximately US cents 0.97 (HK cents 7.6 per share) for the six months ended 30 June 2007 compared to US cents 1.29 (HK cents 10.1 per share) for the same period in 2006. With the increase in number of shares after completion of the IPO, earnings per share decreased for the six months ended 30 June 2007 despite the increase in net profit.

FINANCIAL REVIEW

Pledge of Assets

As at 30 June 2007 the Group had not pledged any assets for bank borrowings (31 December 2006: US\$ Nil).

Contingent Liabilities

As at 30 June 2007, the Group had contingent liabilities of approximately US\$2.1 million provided for in full in relation to litigation.

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 does not enter into currency hedging transactions.

Liquidity, Financial Resources and Gearing

As at 30 June 2007, the Group had total cash and bank balances of approximately US\$63.9 million (31 December 2006: approximately US\$78.3 million). The utilization of the IPO proceeds was in accordance with the expenditure plan as set out in the listing prospectus and announcements. Funding of our construction and operations is by cash generated from operations and IPO proceeds.

As at 30 June 2007, the Group had net current assets of approximately US\$70.1 million (31 December 2006: approximately US\$86.7 million). The decrease in net current assets was attributed mainly to payment made to the contractor for construction of NagaWorld. The Group has net assets of approximately US\$246.0 million (31 December 2006: approximately US\$235.9 million).

As at 30 June 2007, the Group had no outstanding borrowings (31 December 2006: US\$ Nil).

Capital and Reserves

As at 30 June 2007, the capital and reserves attributable to equity shareholders of our Company was approximately US\$246.0 million (31 December 2006: approximately US\$235.9 million).

Staff

As at 30 June 2007, the Group employed a work force of 1,564 (as at 30 June 2006: 923) stationed mostly in Cambodia, Malaysia and Hong Kong. Remuneration and staff costs for the financial period under review was approximately US\$5.8 million (for the six months ended 30 June 2006: approximately US\$3.4 million).

Application of IPO Proceeds

The net proceeds from the IPO were approximately US\$94.9 million, after deduction of related expenses. In line with the expenditure plan set out in the prospectus and announcements issued in connection with the IPO, the net proceeds have been applied as follows:

Descriptions	Approximate	Proceeds	
	net IPO proceeds (US\$ million)	utilized as at 30 June 2007 (US\$ million)	Remaining net IPO proceeds (US\$ million)
Development of NagaWorld	69.5	36.9	32.6
Development of gaming activities such as installation of gaming equipment and tables and other ancillary equipment for public gaming floor in the hotel lobby	21.4	2.8	18.6
General working capital	<u>4</u>	<u>3.7</u>	<u>0.3</u>
Total	<u><u>94.9</u></u>	<u><u>43.4</u></u>	<u><u>51.5</u></u>

The construction of levels 7 and 8 of the South Tower of the entertainment wing of NagaWorld was completed. Installation of leisure, entertainment and recreational facilities are being carried out and will be ready by the end of 2007. A total of 217 hotel rooms were completed and the remaining of the 291 hotel rooms are expected to be completed by the end of 2007.

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.

Our mission and strategy are, first to increase revenue on the back of the successful completion of the IPO; secondly, to increase market share of customer from Malaysia, Singapore, China, Vietnam and Thailand by leveraging on our tax advantage; and thirdly, to establish a strong brand through nation building exercises.

We do hope that, one day, the gaming revenue from Phnom Penh will be a small part of the global gaming revenue. Being the key casino located at the heart of an ASEAN city, our strategy is to focus on existing gaming business and to ‘squeeze’ more value from our existing operation in Phnom Penh.

The Company aims to be vigilant of and responsive to opportunities arising from the wave of liberalisation of the casino industry in Asia, especially that of Thailand and Vietnam. The Company will consolidate its strong foundation with a view to becoming a world-class Indo-China casino operator with strong corporate governance and an ability to maximise benefits from the fast growing economies of Cambodia’s immediate neighbors, Thailand and Vietnam. The two countries have a combined population of around 155 million people and a combined GDP of approximately US\$ 277 billion. The Company also aims to tap on a group of 6 million Chinese populations, whose income is estimated to fall within a bracket of US\$100,000 and US\$ 1 million. We also envisage a significant increase in the number of visitors from China in the years to come.

The full completion of NagaWorld including 508 rooms, 176 tables and other facilities is expected to be within budget and schedule.

Property price in Phnom Penh has increased substantially over the past 5 years, likely as a result of political stability and an increase in the number of foreign investors. A parcel of land next to NagaWorld has been offered at approximately US\$2,300 per m².

We intend to capitalise on the buoyant property market in Phnom Penh and increase the total number of hotel rooms to about 700 rooms and the number of gaming tables to about 300 tables. We also intend to renovate the Hun Sen Garden located in front of NagaWorld. The motor court situated between the ground floor of the hotel and casino wings of NagaWorld will be converted into a grand hotel lobby. It is anticipated that additional floors may be added to the north and south towers of the hotel wing. Part of the carpark block may be developed to house about 100 rooms (the additional rooms which are intended for use by our staff), a discotheque and a rooftop swimming pool. The construction costs of these additional features to the NagaWorld complex are not covered in the budget of US\$90.5m referred to in the listing prospectus. The addition of these features will not hold up the schedule of completion of the 508 rooms and 176 tables.

APPOINTMENTS OF DIRECTORS

The Board is pleased to announce that with effect from 17 September 2007:

- (a) Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir will be appointed as an independent non-executive Director;
- (b) Mr. Lim Mun Kee will be appointed as an independent non-executive Director;
- (c) Mr. Timothy Patrick McNally will be re-designated from an independent non-executive Director to a non-executive Director;
- (d) Mr. Angus Au-Yeung Wai Kai will be promoted to the chief financial officer of the Company and appointed as an executive Director

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, aged 68, is a Malaysian Barrister-At-Law, Lincoln's Inn, London. Tan Sri Kadir had been holding full-time positions with the Federal Government of Malaysia since 1970, beginning as Political Secretary, Parliamentary Secretary, Deputy Minister and Minister in various ministries almost continuously until his resignation as Minister of Information of Malaysia on 14 February 2006. He was Minister of Culture, Arts and Tourism of Malaysia for 5 years before his appointment as Minister of Information of Malaysia in 2004. During his tenure as Minister of Culture, Arts and Tourism of Malaysia, Tan Sri Kadir was also the Chairman of Tourism Promotion Board Malaysia. He is a lawyer by profession, having practiced as a partner at Hisham, Sobri & Kadir and Kadir, Khoo & Aminah from 1974 to 1982 and 1987 to 1990 respectively. Tan Sri Kadir is currently the Chairman and an independent non-executive director of Karambunai Corp Berhad, a company controlled by Tan Sri Dr Chen, the controlling shareholder of the Company.

Tan Sri Kadir does not hold any other position with the Company or other members of the group. Tan Sri Kadir has accepted a letter of appointment with the Company for a term of one year and his directorship with the Company is subject to the relevant provisions of retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. Tan Sri Kadir is entitled to an annual salary of HK\$200,000 payable quarterly (pro rata adjusted for any period shorter than a year), which is determined by reference to his duties and responsibilities and prevailing market conditions.

Save as disclosed above, Tan Sri Kadir does not have any relationships with any directors, senior management or substantial or controlling shareholder of the Company nor any interests in the shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) (Chapter 571 of the Laws of Hong Kong) as at the date of this announcement.

Mr. Lim Mun Kee, aged 40, is a Malaysian and a qualified accountant registered with Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants since 1995. Mr. Lim started his career with KPMG Peat Marwick, Malaysia in 1989. He has over 15 years of experience in auditing, finance and accountancy which he worked in several listed companies in Malaysia holding the position as the Accountant, Group Financial Controller and Head of Internal Audit.

Currently, Mr. Lim is an independent director on the boards of Petaling Tin Berhad and FACB Industries Incorporated Berhad, companies controlled by Tan Sri Dr Chen, the controlling shareholder of the Company.

Mr. Lim does not hold any other positions in the Company or other members of the Group. Mr. Lim has accepted a letter of appointment with the Company for a term of one year and his directorship with the Company is subject to the relevant provisions of retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. Mr. Lim is entitled to an annual salary of HK\$200,000 and payable quarterly (pro rata adjusted for any period shorter than a year), which is determined by reference to his duties and responsibilities and prevailing market conditions.

Save as disclosed above, Mr. Lim does not have any relationships with any directors, senior management or substantial or controlling shareholder of the Company nor any interests in the shares in the Company within the meaning of Part XV of the SFO as at the date of this announcement.

Mr. Timothy Patrick McNally, aged 58, joined the Company as the Chairman of the Board and an independent non-executive Director in February 2005. He was admitted to the State Bar of Wisconsin in June 1973 and was a specialist agent of the Federal

Bureau of Investigation (“FBI”) for 24 years from 1975 to 1999. From April 1999 until October 2005, Mr. McNally was the executive director of Security and Corporate Legal Services for the Hong Kong Jockey Club. In this capacity, Mr. McNally was a member of the executive board of management of the Hong Kong Jockey Club. He is currently an international security consultant, a member of the International Security Management Association; a member of the National Executive Institute; and a member of the Society of Former Special Agents of the FBI.

Mr. McNally does not hold any other positions with the Company or other members of the Group. Mr. McNally has accepted a letter of appointment with the Company for a term of one year and his directorship with the Company is subject to the relevant provisions of retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Mr. McNally is entitled to a director fee of HK\$400,000.00 per annum, which is determined by reference to his duties and responsibilities and the prevailing market conditions, and a special fee of US\$2,000.00 per day based on the 14 weeks or 84 working days per annum to carry out assignments for the Company and its subsidiaries in Hong Kong and other countries. In addition, Mr McNally is entitled to an additional special fee of US\$40,000.00 per annum for assignments in the United States of America.

Mr. McNally does not have any relationships with any directors, senior management or substantial or controlling shareholder of the Company nor any interests in the shares in the Company within the meaning of Part XV of the SFO as at the date of this announcement.

Mr. Au-Yeung Wai Kai Angus, aged 34, joined the Company as a Director — Corporate Finance on 5 February 2007. Mr. Au-Yeung’s responsibilities include overseeing the finance operation; the investment and capital; and the investor relationship aspects of the Company. Prior to joining the Company, Mr. Au-Yeung has worked in financial institutions focusing on commercial and investment banking since 1998. Mr. Au-Yeung possesses experience and knowledge of commercial and investment banking products and services, and he has conducted various transactions encompassing syndicated lending, initial public offerings, merger and acquisitions, corporate restructuring, valuation and financial analysis and regulation compliance. Mr. Au-Yeung was an integral member of the professional team, which assisted the Company in the IPO completed in October 2006. Mr. Au-Yeung graduated with a bachelor’s degree in Electronic Engineering from the University College London and a master’s degree in Investment Analysis from Stirling University. Mr. Au-Yeung is a holder of the Chartered Financial Analyst designation awarded by the CFA Institute. He is also a member of the Hong Kong Securities Institute.

Mr. Au-Yeung did not hold any directorships in any listed public companies in the last three years and does not hold any other positions with the Company or other members of the Group. Mr. Au-Yeung has not entered into a service contract with the Company in respect of the position as an executive Director. Mr. Au-Yeung will be subject to retirement by rotation and will be eligible for re-election at annual general meetings of the Company in accordance with the provisions of its Articles of Association. Mr. Au-Yeung is entitled to such emoluments and discretionary bonus as may be determined by the Company with reference to his duties and responsibilities and prevailing market conditions.

Mr. Au-Yeung does not have any relationships with any directors, senior management or substantial or controlling shareholder of the Company within the meaning of Part XV of the SFO as at the date of this announcement. Mr. Au-Yeung is interested in 12,000 shares of the Company.

Save as disclosed in this announcement, there are no other matters relating to the appointments of Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, Mr. Timothy Patrick McNally and Mr. Angus Au-Yeung Wai Kai that need to be brought to the attention of the shareholders of the Company and there is no other information to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board extends its warm welcome to the newly appointed senior management staff above.

CHANGE IN COMPOSITION OF THE BOARD COMMITTEES

With immediate effect following the appointments of directors as mentioned above:-

- (i) the audit committee of the Company comprises Mr. Jimmy Leow Ming Fong, Mr. Lim Mun Kee and Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir;
- (ii) the remuneration committee of the Company comprises Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, Mr. Jimmy Leow Ming Fong, Tan Sri Dr. Chen Lip Keong and Mr. Angus Au-Yeung Wai Kai; and
- (iii) the nomination committee of the Company comprises Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, Mr. Jimmy Leow Ming Fong, Tan Sri Dr. Chen Lip Keong and Mr. Angus Au-Yeung Wai Kai.

AUDIT COMMITTEE

The unaudited consolidated interim financial statements for the six months ended 30 June 2007 have been reviewed by the audit committee of the Company which was of the opinion that the preparation of such financial statements complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

REVIEW OF INTERIM RESULTS

The Company has engaged KPMG Malaysia who have reviewed the unaudited consolidated interim financial results for the six months ended 30 June 2007 in accordance with International Standards on Review Engagements 2400, Engagement to Review Financial Statements. KPMG Hong Kong have not reviewed the unaudited consolidated interim financial results for the six months ended 30 June 2007.

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of US cents 0.67 per share (or equivalent to HK cents 5.23 per share) for the six months ended 30 June 2007 to shareholders whose names appear on the Register of Members of the Company on 24 October 2007. Dividend payment is expected to be made on or around 2 November 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 24 October 2007 to 26 October 2007 both days inclusive during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied with the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4 :30 p.m. on 23 October 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2007, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

In the Directors' opinion, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the first six months ended 30 June 2007.

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 enquiries, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the financial period under review.

PUBLICATION OF FINANCIAL INFORMATION

The interim report of the Group for the six months ended 30 June 2007 contains, among other things, the interim financial information of the Group will be despatched to our shareholders and is available at the Company’s website www.nagacorp.com

On behalf of the Board of
NAGACORP LTD.

Timothy Patrick McNally
Chairman

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

Executive Directors

Tan Sri Dr Chen Lip Keong, David Martin Hodson, Monica Lam Yi Lin and Angus Au-Yeung Wai Kai

Non-executive Director

Timothy Patrick McNally

Independent Non-executive Directors

Tun Dato’ Seri Abdul Hamid Bin Haji Omar, Wong Choi Kay, Zhou Lian Ji, Mr. Jimmy Leow Ming Fong, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Lim Mun Kee

Hong Kong, 17 September 2007

** For identification purpose only*

Please also refer to the published version of this announcement in South China Morning Post.