NAGACORP

NAGACORP LTD.

金 界 控 股 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3918

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

Financial Highlights for 2007:

- Total revenue increased by 68.6% to US$144.0 million
- Revenue from Public floor tables increased by 156.5% to US$75.4 million
- Revenue from STG floor tables increased by 24.3% to US$65.4 million
- Gross profit increased by 53.5% to US$78.1 million
- Net profit increased by 53.9% to US$50.2 million
- Earnings of US cents 2.42 per share (US cents 2.12 per share in 2006)
- Proposed final dividend of US cents 0.77 per share (HK cents 6.0 per share)

The board of directors (the "Board") of NagaCorp Ltd. (the "Company" and together with its subsidiaries the "Group") is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2007. In recognition of the Company's good financial results, the Board recommends the payment of a final dividend of US cents 0.77 per share for the year ended 31 December 2007. The proposed final dividend together with the interim dividend represented dividend payout ratio of approximately 60% in 2007.

CONSOLIDATED INCOME STATEMENT

	Notes	For the year ended 31 December 2007 US$'000	2006 US$'000
Revenue	**2**	144,024	85,412
Cost of sales		(65,884)	(34,515)
Gross profit		**78,140**	**50,897**
Other operating income		4,084	1,671
Administrative expenses		(12,498)	(6,879)
Other operating expenses		(12,875)	(7,629)
		56,851	**38,060**
Depreciation		(1,391)	(374)
Amortisation of casino license premium		(3,547)	(3,547)
Profit before taxation		**51,913**	**34,139**
Taxation	**3**	(1,713)	(1,521)
Profit attributable to equity shareholders of the Company		**50,200**	**32,618**
Dividends payable to equity shareholders of the Company attributable to the year:	**4**		
Interim Dividend declared		14,000	18,000
Final Dividend proposed		16,000	—
Special Dividend declared (After Balance sheet date)		—	10,000
Total Dividend declared/proposed		**30,000**	**28,000**
Earnings per share (US cents)	**5**	**2.42**	**2.12**

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 December 2007 US$'000	2006 US$'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	**7**	91,548	46,868
– Interest in leasehold land held for own use under operating leases		664	674
Intangible assets	**8**	98,124	101,671
		190,336	149,213
Current assets			
Consumables		51	17
Trade and other receivables	**9**	33,453	12,132
Deposit payments for the purchase of raw materials	**10**	3,022	8,312
Cash at bank and in hand		56,229	78,301
		92,755	98,762
Current liabilities			
Trade and other payables	**11**	18,416	9,973
Current tax liabilities		—	11
Finance lease		2	2
Provisions		2,096	2,096
		20,514	12,082
Net current assets		**72,241**	**86,680**
Total assets less current liabilities		**262,577**	**235,893**
Non-current liabilities			
Finance lease		9	11
NET ASSETS		**262,568**	**235,882**
CAPITAL AND RESERVES	**12**		
Share Capital		25,938	25,938
Share premium		134,892	134,477
Capital contribution reserve		55,568	55,568
Merger reserve		(12,812)	(12,812)
Exchange reserve		124	53
Retained profits		58,858	32,658
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**262,568**	**235,882**

Notes:

1. Principal accounting policies

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board (the "IASB"). The consolidated financial statements are presented in United States dollars, rounded to the nearest thousand, and have been prepared under the historical cost convention.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. The adoption of the new and revised IFRSs has no material impact on the consolidated financial statements of the Group for the current and prior periods save for additional and revised disclosures in the consolidated financial statements. There were no changes in the accounting policies of the Group for the year ended 31 December 2007.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The directors anticipate their application will have no material impact on the consolidated financial statements.

2. Revenue

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

	2007	2006
	US$'000	US$'000
Casino operations	140,788	82,023
Income from operating lease for the provision and maintenance of gaming machine stations	3,070	3,097
Other operations	166	292
	144,024	85,412

Revenue from other operations comprises income from a food and beverage outlet and restaurant.

3. Taxation

	2007	2006
	US$'000	US$'000
Current tax expense	1,713	1,521

Income tax represents obligation payments of US$142,383 (2006: US$126,563) per month payable to the Ministry of Economy and Finance of Cambodia payable by Naga Resorts & Casinos Limited ("NRCL") Gaming Branch and minimum profits tax of US$3,471 (2006: US$1,966) for the NRCL Hotel and Entertainment Branch.

The Group is not subject to Hong Kong profits tax and Cayman Islands income tax for the current and prior financial year.

4. Dividends

	2007	2006
	US$'000	US$'000
Interim tax exempt dividend declared:		
2007: US cents 0.67 per ordinary share	14,000	—
2006: US cents 1.25 per ordinary share	—	18,000
Final tax exempt dividend proposed:		
2007: US cents 0.77 per ordinary share	16,000	—
Special dividend proposed after the balance sheet date of US cents 0.48 per ordinary share	—	10,000
	30,000	28,000

The interim dividend of US$14,000,000 relating to the year ended 31 December 2007 was declared and paid in 2007.

5. 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$50,200,000 (2006: US$32,618,000) and the weighted average number of 2,075,000,000 (2006: 1,541,048,745) ordinary shares in issue during the year.

The weighted average number of ordinary shares are as follows:

	2007	2006
At 1 January	2,075,000,000	1,297,667,589
Effect of shares issued to Tan Sri Dr Chen Lip Keong in settlement of US$55 million due to a related party	—	126,942,800
Effect of initial public offering	—	116,438,356
At 31 December	2,075,000,000	1,541,048,745

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2006 and 2007.

6. Segment information

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

Business segments

	Casino operations US$'000	Corporate and hotel and entertainment operations US$'000	Total US$'000
Revenue from external customers:			
Year ended 31 December			
2006	85,120	292	85,412
2007	143,858	166	144,024
Segment profit/(loss) from operations:			
Year ended 31 December			
2006	38,748	(4,609)	34,139
2007	56,680	(4,767)	51,913
Segment assets:			
31 December 2006	116,915	131,060	247,975
31 December 2007	150,238	132,853	283,091
Segment liabilities:			
31 December 2006	(8,507)	(3,586)	(12,093)
31 December 2007	(16,460)	(4,063)	(20,523)
Total net assets:			
31 December 2006	108,408	127,474	235,882
31 December 2007	133,778	128,790	262,568

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 "the corporate and hotel and entertainment operations" also include leasehold land and capital work-in-progress for the construction project of a hotel and casino entertainment complex in front of Hun Sen Garden, Phnom Penh wholly owned by the Group ("NagaWorld").

Geographical segments

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

7. Property, plant and equipment

The major additions during the year are the constructions costs in relation to NagaWorld of approximately US$41,861,000.

8. Intangible assets

The intangible assets refer to 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$105 million, less accumulated amortization of US$9.9 million (2006: US$6.3 million).

9. Trade and other receivables

	2007	**2006**
	US$'000	US$'000
Trade receivables	28,094	8,351
Other receivables, deposits and prepayments	5,511	3,940
Less: Allowance for doubtful debts	(152)	(159)
	33,453	12,132

For financial year ended 31 December 2007, bad debts of US$159,000 (2006: US$ nil) were written off against allowance for doubtful debts.

The Group grants credit facilities, on an unsecured basis, to select specialised tour group ("STG") operators who have a good financial background or with whom the Group has had extended dealings over the past few years. Credit evaluations are performed on all customers requesting credit facility. Management has a credit policy in place and credit facilities are monitored on an ongoing basis.

Trade receivables (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:

	2007	**2006**
	US$'000	US$'000
Current to 1 month (note a)	23,044	5,635
1 to 3 months overdue	2,446	1,156
More than 3 months overdue	2,452	1,401
Amount past due at balance sheet date but not impaired (note b)	4,898	2,557
	27,942	8,192

a) The balances that were neither past due nor impaired relate to a wide range of STG operators.

b) The balances that were past due but not impaired relate to a number of STG operators who have a good track record with the Group, or are active during the year.

The following table reconciles the impairment loss of trade and other receivables for the year:

	2007	**2006**
	US$'000	US$'000
At 1 January	159	159
Impairment loss recognised	152	—
Bad debts written off	(159)	—
At 31 December (note c)	152	159

c) The Group recognises impairment loss on individual assessment.

10. Deposit payments for the purchase of raw materials

	2007	**2006**
	US$'000	US$'000
Deposit payments for the purchase of raw materials	3,022	8,312

The deposit payments for the purchase of raw materials relate to deposits made for the purchase of raw materials for the construction of NagaWorld.

The raw materials have not been received by the Group at the year end. It is anticipated that the raw materials will be used in the construction of NagaWorld within one year.

11. Trade and other payables

	2007 US$'000	2006 US$'000
Trade payables	22	1,397
Unredeemed casino chips	12,062	3,641
Deposits	500	60
Construction creditors	2,189	1,365
Non-gaming obligation payments and other taxes (note (a))	342	804
Tax penalties and late payment interest	85	939
Other creditors and accruals	3,216	1,767
	18,416	9,973

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:

	The Group	
	2007 US$'000	2006 US$'000
Due within 1 month or on demand	—	118
Due after 1 month but within 3 months	—	477
Due after 3 months but within 6 months	—	1
Due over 6 months	22	801
Total	22	1,397

12. Capital and reserves

	Share capital US$'000	Share premium US$'000	Merger reserve US$'000	Capital contribution reserve US$'000	Exchange reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2006	15,500	—	(12,812)	568	—	18,040	21,296
Issue of shares	9,717	135,198	—	—	—	—	144,915
Capital contribution	—	—	—	55,000	—	—	55,000
Capitalisation issue	721	(721)	—	—	—	—	—
Profit for the year	—	—	—	—	—	32,618	32,618
Interim dividend declared	—	—	—	—	—	(18,000)	(18,000)
Exchange adjustments	—	—	—	—	53	—	53
At 31 December 2006	25,938	134,477	(12,812)	55,568	53	32,658	235,882
At 1 January 2007	25,938	134.477	(12,812)	55,568	53	32,658	235,882
Profit for the year	—	—	—	—	—	50,200	50,200
Dividend declared	—	—	—	—	—	(24,000)	(24,000)
Exchange adjustments	—	—	—	—	71	—	71
Overprovision of share issue cost in prior year	—	415	—	—	—	—	415
At 31 December 2007	25,938	134,892	(12,812)	55,568	124	58,858	262,568

Share Capital

(i) *Authorised:*

	2007 US$'000	2006 US$'000
8,000,000,000 ordinary shares of US$0.0125 each	100,000	100,000

(ii) *Issued and fully paid:*

	2007		2006	
	Number of shares	US$'000	**Number of shares**	US$'000
At 1 January	2,075,000,000	25,938	1,240,000,080	15,500
Shares issued during the year	—	—	777,332,411	9,717
Capitalisation issue	—	—	57,667,509	721
At 31 December	2,075,000,000	25,938	2,075,000,000	25,938

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.

(iii) *Shares issued during the year 2006*

On 11 May 2006, the Company issued 202,332,411 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. The fair value of the 202,332,411 ordinary shares was US$50 million of which US$2,529,155 was the par value of the ordinary shares issued and US$47,470,845 was the premium on the issue of the ordinary shares. 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 "Stock Exchange"), the Company issued 575 million ordinary shares for gross proceeds amounting to approximately US$105,416,667 of which US$7,187,500 was the par value of the ordinary shares issued, US$98,229,167 was the premium on the issue of the ordinary shares and US$10,501,799 was the issue costs.

(iv) *Capitalisation issue*

On 4 October 2006, an amount of US$720,844 standing to be credit of the share premium account was applied in paying up in full 57,667,509 ordinary shares of US$0.0125 each which were allotted and distributed as fully paid to existing shareholders in the proportion of one for every 0.04 shares then held.

(v) *Capital contribution*

On 16 August 2006, the remaining US$55 million due to Ariston Holdings Sdn. Bhd. was settled by way of a capital contribution of US$55 million by the ultimate controlling shareholder, Tan Sri Dr Chen Lip Keong.

MANAGEMENT DISCUSSION & ANALYSIS

Our principal business involves the management and operation of NagaWorld the only licensed casino in Phnom Penh, the capital city of the Kingdom of Cambodia ("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 a period of 70 years commencing from 2 January 1995 for around 41 years on an exclusive basis within 200 km radius of Phnom Penh, Cambodia (except the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville).

The exclusivity period of the Casino Licence was extended by 20 years to around 41 years up to the end of 2035 pursuant to an agreement entered into between the Cambodian Government and the Group on 12 August 2005.

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

Results

Financial year 2007 was another profitable year for our shareholders. We continued to see strong growth in our gaming operations.

Revenue increased by 68.6% to approximately US$144.0 million in 2007 from approximately US$85.4 million in 2006. Profit before taxation increased by 52.1% to approximately US$51.9 million in 2007 from approximately US$34.1 million in 2006. Net profit increased by 53.9% to approximately US$50.2 million in 2007 from approximately US$32.6 million in 2006.

Business review

The stable political environment and buoyant economy of Cambodia continued for the financial year under review. Our business benefited from these favourable conditions. The number of visitor arrivals to Cambodia increased to around 2.0 million visitors in 2007 from around 1.7 million in 2006. *(Source: Ministry of Tourism, Cambodia)*

In 2007, gaming operations continued to be the principal revenue source and represented over 99% of the total revenue of the Group. The remaining revenue was derived largely from food & beverages. The majority of the revenue from the hotel wing was inter-divisional and was eliminated on consolidation. Revenue derived from gaming operations was approximately US$143.9 million in 2007 compared to US$85.1 million in 2006. The increase in revenue from gaming operations was attributable mainly to the higher contributions of revenues from our public floor tables and STG floor tables in 2007.

Revenue

Public Floor Tables

Revenue from public floor tables increased notably by 156.5% to approximately US$75.4 million in 2007 from approximately US$29.4 million in 2006. Revenue derived from public floor tables accounted for 52.3% of our total revenue in 2007 compared to 34.4% in 2006. The level of gaming activities conducted in public floor tables increased. The increase in revenue from our public floor tables was attributable mainly to the success of the various programmes launched by the Group including the Vietnam Ground Junket Programme and Travel Agent Junket Program, and the Premium Players Programme targeting Cambodians who hold foreign passports in 2007. The buy-in amounts made by players increased by 122.8% to US$265.1 million in 2007 from approximately US$119.0 million in 2006. It was estimated that 81.0% of the revenue from public floor tables was attributed to the Premium Players Programme.

The gross profit margins for public floor tables were 63.6% in 2007 and 95.6% in 2006. The decrease in gross profit margin reflected the increase in acceptance and related costs of our various programmes. Expenses included commission, food and beverages and transportation paid to operators and players which increased in tandem with the popularity of the various programmes.

The win rates for public floor tables, being the ratio of revenue to buy-in amounts, were 27.7% in 2007 compared to 24.7% in 2006.

STG Floor Tables

Revenue from our STG floor tables increased by 24.3% to approximately US$65.4 million in 2007 from approximately US$52.6 million in 2006. Revenue from our STG floor tables accounted for 45.4% of our total revenue in 2007 compared to 61.6% in 2006.

We saw higher level of gaming activity conducted in our various STG floor tables, as measured by rollings, which increased by 13.0% to approximately US$1,984 million in 2007 from approximately US$1,756 million in 2006. There were around 18,032 STG players who visited NagaWorld in 2007, representing an increase of 37.5% compared to 13,115 STG players in 2006.

The STG players had deposited more check-in amounts in 2007. The check-in amounts deposited by our STG players increased by 36.1% to approximately US$409.4 million in 2007 from approximately US$300.7 million in 2006. The average check-in amounts per STG player was approximately US$22,704 per STG player in 2007 and approximately US$22,900 per STG player in 2006.

The gross profit margins for STG floor tables were 41.3% and 37.1% in 2007 and 2006 respectively.

The win rates for STG floor tables, being the ratio of revenue to rollings, were 3.3% in 2007 compared to 3.0% in 2006.

Gaming Machine Stations

We have continued to receive fixed income payments from an independent party for the provision of the gaming machine stations in NagaWorld. Under the existing arrangement, we are not required to pay rental costs for the gaming machine stations.

For the financial year under review, we derived revenue of US$3.1 million from the gaming machine stations which is the same as the level of revenue derived in 2006.

As at the end of 2007, there were a total of 211 gaming machine stations offered for patronage in our casino (2006: 211 gaming machine stations).

Gross Profit

We recorded cost of sales of approximately US$65.9 million in 2007, representing an increase of 90.9% compared to US$34.5 million in 2006. The increase in cost of sales reflected the success of our various programmes and the higher level of gaming activities conducted in our casino for the financial year under review. The cost of sales comprised mainly commissions paid to STG operators and local operators, and benefits to players such as complimentary accommodation, food and beverages and rebates on air tickets and other forms of transportation. Gross profit increased 53.5% to approximately US$78.1 million in 2007 from approximately US$50.9 million in 2006.

The gross profit margins were 54.3% and 59.6% in 2007 and 2006 respectively. The gross profit margin declined as a result of the higher rate of increase in cost of sales, as explained above.

Administrative and other operating expenses

Administrative and other operating expenses, in aggregate, increased by 74.9% to approximately US$25.4 million in 2007 from approximately US$14.5 million in 2006. We have continued to recruit new staff to manage our gaming and hotel operations and other entertainment facilities. The expansion of our gaming and hotel operations and other entertainment facilities will require adequate manpower. The number of our employees increased to 1,709 employee in 2007 from 978 in 2006. In tandem with the expansion in workforce, staff costs increased by 79.5% to approximately US$13.4 million in 2007 from approximately US$7.5 million in 2006.

For the purpose of hedging country risks in Cambodia after completion of the IPO on 19 October 2006, the Group had made an insurance premium payment of approximately US$0.6 million after completion of IPO in October 2006 compared to US$2.5 million for the whole of the financial year under review.

The Company became a public company listed on the main board of the Stock Exchange on 19 October 2006. A large part of the cost structure in 2006 therefore reflected the then private nature of the Group while in 2007 reflected that of a public listed group of companies. In 2007, additional administrative and other operating expenses were incurred in connection with engagements of professional parties for compliance and corporate governance related matters including the review of internal controls with a focus on anti-money laundering (“AML”) and the review of the investment risks in Cambodia on an annual basis. Details of the reviews on internal controls with a focus on AML and the investment risks in Cambodia will be disclosed in our annual report 2007 to be despatched to the shareholders of the Company (the “Shareholders”).

Finance Cost

We did not incur any significant finance costs as there were no significant financing arrangements in place in 2007.

Net Profit

Net profit increased to approximately US$50.2 million in 2007 from approximately US$32.6 million in 2006, representing an increase of 53.9%. The net profit margins were 34.9% and 38.2% respectively in 2007 and 2006.

Earnings per share was approximately US cents 2.42 (approximately HK cents 18.9 per share) based on the weighted average number of 2,075,000,000 shares in issue in 2007 compared to US cents 2.12 per share (approximately HK cents 16.5 per share) based on the weighted average number of 1,541,048,745 shares in issue in 2006.

Financial review

Pledge of Assets

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

Contingent Liabilities

As at 31 December 2007, the Group had no significant contingent liabilities. In relation to the litigation of a STG as disclosed in the annual report 2006, the Group has provided US$2.1 million in full for the case.

Exchange Rate Risk

The Group's income is earned principally in United States dollars. The Group's expenditure is paid principally in United States dollars and to a lesser extent in Cambodian Riels. The Group therefore does not have any significant exposure to foreign currency risk. The Group does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential cost of exchange rate fluctuation.

Issue of New Shares

There was no issue of new shares for the financial year ended 31 December 2007.

Liquidity, Financial Resources and Gearing

As at 31 December 2007, the Group had total cash and bank balances of approximately US$56.2 million (2006: approximately US$78.3 million). The Company had continued to invest in property, plant and equipment in connection with the development and expansion of NagaWorld and provision of gaming, entertainment and hotel services and facilities. We expect our working capital and investments will be financed by cash generated by our operations and proceeds from the IPO and, if necessary, other forms of financing.

As at 31 December 2007, the Group had net current assets of approximately US$72.2 million (2006: approximately US$86.7 million). The Group had net assets of approximately US$262.6 million (2006: approximately US$235.9 million).

As at 31 December 2007, the Group had no significant outstanding borrowings.

Capital and Reserves

As at 31 December 2007, the capital and reserves attributable to equity shareholders of our Company was approximately US$262.6 million (2006: approximately US$235.9 million). The changes in the capital and reserves reflected mainly the profit retained and dividend paid in 2007.

Staff

At 31 December 2007, the Group employed a work force of 1,709 (2006: 978) stationed in Cambodia, Malaysia and Hong Kong. The remuneration and staff costs for the financial year under review were approximately US$13.4 million (2006: approximately US$7.5 million).

Application of IPO Proceeds

The net proceeds from the Company's IPO were approximately US$94.9 million, after deduction of related expenses. In line with the description in the prospectus dated 6 October 2006 and the announcement issued in connection with the IPO, the net proceeds were utilised as follows:

Descriptions	**Approximate net IPO proceeds** (US$ million)	**Proceeds utilized as at 31 December 2007** (US$ million)	**Remaining net IPO proceeds** (US$ million)
Development of NagaWorld	69.5	54.4	15.1
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	3.8	17.6
General working capital	4.0	3.7	0.3
Total	94.9	61.9	33.0

Levels 6, 7 and 8 of the South Tower of the entertainment wing of NagaWorld together with the installation of leisure, entertainment and recreational facilities on such levels were completed in 2007. The karaoke on level 3 of the entertainment wing, which comprises a total of 20 rooms and features a blend of contemporary and oriental decor was completed in 2007.

Out of the total of 508 hotel rooms, the contractor completed 219 hotel rooms in the central core of the hotel wing of NagaWorld. The remaining 289 hotel rooms located at the North and South Towers of NagaWorld shall be delayed and completed by the middle of 2008 based on advice from engineers and consultants. The delay is necessary as the remaining 289 hotel rooms share the same mechanical and electrical services of the additional two floors to be constructed (under the expansion plan of NagaWorld) in order to provide for more gaming space and hotel rooms. The contractor targets to complete the additional two floors by the end of 2009.

Prospects

Our corporate vision is to become a world class corporation "with excellence in our products, people and profits" for the benefit of the host nation and all our shareholders.

We have continued to make progress in achieving our corporate vision. For the financial year ended 31 December 2007, the Group reported a significant increase in revenue. The performance was based mainly on the utilisation of about 101 tables and 211 gaming machine stations, representing only part of our full gaming capacity of about 300 tables and over 600 gaming machine stations to be offered in the combined gaming space of approximately 15,217 sq. m. in NagaWorld on its completion.

A significant development in 2007 is the lesser dependence on the STG programmes which are more prone to economic downturns. We have seen a robust growth in gaming activities conducted in our public floor tables, which became the largest revenue contributor and accounted for 52.3% of our total revenue in 2007. Being the landmark entertainment complex in Phnom Penh, Cambodia, NagaWorld has attracted patronage of Cambodians who hold foreign passports. The continued economic expansion of Cambodia helps the country's gaming and hospitality industry.

We expect to see a stable gaming revenue source of at least US$25 million/year for the next 10 years. On 13 December 2007 the Group entered into a management agreement with POIBOS Co., Ltd. ("POIBOS"), whose shares are listed and traded on Korea Securities Dealers Association Automated Quotations. The Group has agreed to provide gaming management services to POIBOS in the prescribed gaming hall, a designated area in NagaWorld, for a period of 10 years. In return, the Group will receive from POIBOS fixed overriding gaming management fees over two periods namely, the first period of 5 years for US$2.1 million per month (equivalent to US$25.2 million per year) and the second period of 5 years for US$2.6 million per month (equivalent to US$31.2 million per year). The overriding gaming management fees are payable to the Group by POIBOS irrespective of the business performance of POIBOS. It is intended that the prescribed gaming area will be ready for POIBOS around March or April in 2008.

Going forward, the arrangement above, if carried out satisfactorily, will allow the Group to diversify beyond its traditional gaming markets of Malaysia , Singapore and Southern China into new areas such as Korea, Japan, Taiwan and North Eastern China.

Revisions are made to the internal design and layout of NagaWorld to expand the capacity for gaming, entertainment and hotel service and facilities. The expansion plan necessitated the revision of the construction schedule of NagaWorld, which upon full completion targeted by the end of 2009, will house about 700 hotel rooms, about 300 gaming tables and over 600 gaming machine stations, offering a combined gross built up area of approximately 110,768 sq. m. Under the expansion plan, the motor court located between the hotel wing and casino wing of NagaWorld shall be converted into a grand hotel lobby and shall be completed by middle 2008. Subject to approval of City Hall of Phnom Penh, additional two floors will also be added to each of the North and South tower of the hotel wing and part of the carpark block will be developed to house about 100 rooms (mainly for our staff), a discotheque and a rooftop swimming pool. In view of the upcoming general elections in Cambodia in mid 2008, the beautification of Hun Sen Garden located in front of NagaWorld will be postponed.

We aim to turn NagaWorld and nearby proximity to a high energy zone attracting both, international travellers and Cambodians holding foreign passports.

For search of excellence we have added a few key management positions. We have recruited a senior Vice President of operations who has 20 years of gaming operations experience in Burswood Perth, Australia. The Company has also strengthened the marketing department, which is now under the leadership of a chief marketing officer. Together, NagaWorld now has about 1,900 employees as at the date of this announcement.

Despite a less optimistic world financial outlook, and barring unforeseen circumstances, the directors of the Company (the “Directors”) are optimistic of a favorable year ahead by virtue of the Company’s monopolistic position, location amongst strategic markets, changing customers’ profile, favorable tax advantage, sound management, and stable economical and political environment in Cambodia.

CORPORATE GOVERNANCE PRACTICES

In the Directors’ opinion, having considered amongst others, the findings of reviews and/or audits conducted by the independent professional parties (as explained below), the Company has applied the principles and complied with all the applicable code provisions as set out in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) for the financial year ended 31 December 2007.

The Company has engaged an independent professional party to review and/or audit internal controls of the Group with a focus on AML. The independent professional has performed review and/or audit of the internal controls of the Group and will set out their findings in our annual report 2007 to be despatched to the Shareholders.

The Company has also engaged another independent professional party to assess the investment risks in Cambodia and will set out their findings in our annual report 2007 to be despatched to the Shareholders.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by Directors. Having made specific enquiry, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the financial year ended 31 December 2007.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2007 have been reviewed by the audit committee of the Company which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of US cents 0.77 per share (or equivalent to HK cents 6.0 per share) for the year ended 31 December 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 9 May 2008 to 15 May 2008 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by 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 8 May 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2007, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the Company's website at www.nagacorp.com. The annual report 2007 of the Company will also be published on the aforesaid websites in due course.

ANNUAL GENERAL MEETING

It is proposed that Annual General Meeting will be held on 15 May 2008. Notice of annual general meeting will be published and issued to the Shareholders in due course.

OUR APPRECIATION

Finally, we would like to express our gratitude to the Shareholders, suppliers and customers for their unfaltering support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

On behalf of the Board of
NAGACORP LTD.
Timothy Patrick McNally
Chairman

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

Hong Kong, 24 February 2008

* *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.