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 2008

Unaudited consolidated interim financial results for the interim 2008

- Revenue increased by 68.5% to approximately US$109.1 million
- Gross profit increased by 34.3% to approximately US$45.3 million
- Net profit increased by 26.9% to approximately US$25.5 million
- Earnings per share of US cents 1.23 per share
- Declared an interim dividend of US cents 0.74 per share (or equivalent to HK cents 5.80 per share), representing a dividend payout ratio of approximately 60% based on the net profit generated for the period. Dividend payment is expected to be made on or around 30 September 2008.

The Board of Directors (the "Board") of NagaCorp Ltd. (the "Company", and together with its subsidiaries collectively referred to as the "Group") is pleased to announce the unaudited consolidated interim financial results of the Group for the six months ended 30 June 2008. The Board has resolved to declare an interim dividend of US cents 0.74 per share (or equivalent to HK cents 5.80 per share) for the six months ended 30 June 2008, representing a dividend payout ratio of approximately 60% based on the net profit generated for the period.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June 2008 US$'000 (Unaudited)	2007 US$'000 (Unaudited)
Revenue	4	109,128	64,748
Cost of sales		(63,841)	(31,021)
Gross profit		**45,287**	**33,727**
Other revenue		361	1,507
Administrative expenses		(8,577)	(6,583)
Other operating expenses		(10,629)	(7,710)
Profit before taxation	5	**26,442**	**20,941**
Income tax	6	(964)	(856)
Profit attributable to equity shareholders of the Company		**25,478**	**20,085**
Dividends payable to equity shareholders of the Company attributable to the period:	7		
Interim dividend declared after balance sheet date		15,341	14,000
Earnings per share (US cents)	8	**1.23**	**0.97**

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Non-current assets			
Property, plant and equipment	**9**	111,226	91,548
Interest in leasehold land held for own use under operating lease		659	664
Intangible assets	**10**	96,351	98,124
		208,236	190,336
Current assets			
Consumables	**11**	83	51
Trade and other receivables	**12**	57,665	33,453
Deposit payments for purchase of raw materials	**13**	2,414	3,022
Cash and cash equivalents		46,708	56,229
		106,870	92,755
Current liabilities			
Trade and other payables	**14**	25,320	18,416
Dividend payable		16,000	—
Obligations under finance leases		2	2
Provisions		2,096	2,096
		43,418	20,514
Net current assets		**63,452**	**72,241**
Total assets less current liabilities		**271,688**	**262,577**
Non-current liabilities			
Obligations under finance leases		8	9
NET ASSETS		**271,680**	**262,568**
CAPITAL AND RESERVES			
Share capital	**15**	25,914	25,938
Reserves		245,766	236,630
TOTAL EQUITY		**271,680**	**262,568**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	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
For the six months ended 30 June 2007								
At 1 January 2007 (Audited)		25,938	134,477	(12,812)	55,568	53	32,658	235,882
Exchange adjustments		—	—	—	—	19	—	19
Net income recognised directly in equity		—	—	—	—	19	—	19
Profit for the period		—	—	—	—	—	20,085	20,085
Total recognised income for the period		—	—	—	—	19	20,085	20,104
Special dividend paid		—	—	—	—	—	(10,000)	(10,000)
At 30 June 2007 (Unaudited)		25,938	134,477	(12,812)	55,568	72	42,743	245,986
For the six months ended 30 June 2008								
At 1 January 2008 (Audited)		25,938	134,892	(12,812)	55,568	124	58,858	262,568
Exchange adjustments		—	—	—	—	22	—	22
Net income recognised directly in equity		—	—	—	—	22	—	22
Profit for the period		—	—	—	—	—	25,478	25,478
Total recognised income for the period		—	—	—	—	22	25,478	25,500
Final dividend declared		—	—	—	—	—	(16,000)	(16,000)
Repurchase and cancellation of shares	**15(a)**	(24)	(364)	—	—	—	—	(388)
		(24)	(364)	—	—	—	(16,000)	(16,388)
At 30 June 2008 (Unaudited)		25,914	134,528	(12,812)	55,568	146	68,336	271,680

Notes:

1. **Basis of preparation**

The condensed consolidated financial statements for the six months ended 30 June 2008 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board (the "IASB").

2. **Principal accounting policies**

The condensed consolidated financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group after the Group's audited consolidated financial statements for the year ended 31 December 2007 (the "2007 annual financial statements"). The condensed consolidated financial statements do not include all of the information required for a full set of annual financial statements prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") adopted by the IASB, and should be read in conjunction with the 2007 annual financial statements.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2007 annual financial statements, except for the adoption of certain new interpretations issued by the IASB which are effective for the current accounting period of the Group. The adoption of the new interpretations did not result in significant changes to the Group's accounting policies.

Up to the date of issue of these condensed consolidated financial statements, the IASB has issued the following amendments, new or revised standards and interpretations which are not yet effective for the accounting period beginning on or after 1 January 2008 and which have not been early adopted in the condensed consolidated financial statements.

		Effective for accounting period beginning on or after
IAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
IAS 23 (Revised)	Borrowing costs	1 January 2009
IAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
IAS 32 and IAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
IAS 39 Amendment	Eligible Hedge Items	1 July 2009
IFRS 1 and IAS 27 Amendments	Cost of a Subsidiary in the Separate Financial Statements of a Parent on First-time Adoption of IFRSs	1 January 2009
IFRS 2 Amendment	Share-based Payments — Vesting Conditions and Cancellations	1 January 2009
IFRS 3 (Revised)	Business Combinations	1 July 2009
IFRS 8	Operating Segments	1 January 2009
IFRIC — Interpretation 13	Customer Loyalty Programmes	1 July 2008
IFRIC — Interpretation 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC — Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008

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

Comparative figures for the preceding six months ended 30 June 2007 were reviewed by KPMG Malaysia and are presented in the condensed consolidated financial statements merely for comparative purposes.

3. **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.

Business segments

	Casino operations US$'000	**Hotel and entertainment operations** US$'000	**Unallocated** US$'000	**Inter-segment elimination** US$'000	**Total** US$'000
Revenue from external customers:					
Six months ended:					
30 June 2008 (Unaudited)	108,974	1,042	2,119	(3,007)	109,128
30 June 2007 (Unaudited)	64,661	415	2,187	(2,515)	64,748
Segment results:					
Six months ended:					
30 June 2008 (Unaudited)	31,314	(3,011)	(1,861)	—	26,442
30 June 2007 (Unaudited)	23,927	(1,151)	(1,835)	—	20,941
Segment assets:					
30 June 2008 (Unaudited)	189,442	109,330	16,334	—	315,106
31 December 2007 (Audited)	150,238	91,032	41,821	—	283,091
Segment liabilities:					
30 June 2008 (Unaudited)	(23,307)	(4,032)	(16,087)	—	(43,426)
31 December 2007 (Audited)	(16,460)	(2,755)	(1,308)	—	(20,523)
Net assets:					
30 June 2008 (Unaudited)	166,135	105,298	247	—	271,680
31 December 2007 (Audited)	133,778	88,277	40,513	—	262,568

Revenue and profit from the "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 principal assets of "the hotel and entertainment operations" also include interest in leasehold land held for own use under operating lease and capital work-in-progress in respect of the hotel and casino complex known as NagaWorld in Phnom Penh.

4. **Revenue**

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

	Six months ended 30 June	
	2008	**2007**
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Casino operations	107,439	63,126
Income from operating lease for the provision and maintenance of gaming machine stations	1,535	1,535
Sale of foods & beverages and others	154	87
	109,128	64,748

5. **Profit before taxation**

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

	Six months ended 30 June	
	2008	**2007**
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interest income	(272)	(1,489)
Auditor's remuneration	105	135
Amortisation of casino licence premium	1,773	1,773
Depreciation and amortisation	1,607	291
Gain on disposal of plant and equipment	(15)	—
Exchange gain, net	(102)	(120)
Fuel expenses	2,138	653
Operating lease charges for:		
- office and car park rental	121	90
- land lease rental	94	85
- hire of equipment	210	83
Other taxes (Note (a))	(23)	25
Staff costs (Note (b))		
- Salaries, wages and other benefits	7,348	5,765
- Contributions to defined contribution retirement scheme	3	1

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	
	2008	**2007**
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Directors' remuneration		
-Basic salaries and allowances	398	436
-Contributions to defined contribution retirement scheme	3	1
-Discretionary bonus	—	857
Senior management's remuneration		
-Basic salaries, allowances and benefits-in-kind	755	544
-Discretionary bonus	—	45

6. **Income tax**

Income tax in the income statement represents:

	Six months ended 30 June	
	2008	**2007**
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current tax expense		
- Kingdom of Cambodia	964	856

Taxation represents obligation payments of (1) US$160,180 (six months ended 30 June 2007: US$142,383) per month payable to The Ministry of Economy and Finance of Cambodia (the "Ministry") by NagaWorld Limited Gaming Branch, a branch registered under the name of NagaWorld Limited, a subsidiary of the Company; and (2) minimum profits tax of US$2,762 (six months ended June 2007: US$1,525) payable to the Ministry by NagaWorld Limited Hotel & Entertainment Branch, another registered branch of NagaWorld Limited. There are no Malaysian or Hong Kong income taxes payable by the Group.

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

	Six months ended 30 June	
	2008	**2007**
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interim dividend declared after the balance sheet date		
2008: US cents 0.74 per ordinary share	15,341	—
2007: US cents 0.67 per ordinary share	—	14,000
	15,341	14,000

8. **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$25,478,000 (six months ended 30 June 2007: US$20,085,000) and the weighted average number of 2,074,075,580 (2007: 2,075,000,000) ordinary shares in issue during the six months ended 30 June 2008.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

The weighted average number of ordinary shares is as follows:

	Six months ended 30 June	
	2008	**2007**
	(Unaudited)	(Unaudited)
At beginning of period	2,075,000,000	2,075,000,000
Effect of repurchase and cancellation of shares (Note 15(a))	(924,420)	—
At end of period	2,074,075,580	2,075,000,000

9. **Property, plant and equipment**

During the six months ended 30 June 2008, the Group acquired property, plant and equipment totalling US$21,354,000, which included US$18,631,000 in respect of capital work-in-progress in relation to the construction of NagaWorld.

Property, plant and equipment with a net book value of US$74,000 were disposed of by the Group during the six months ended 30 June 2008.

10. Intangible assets

	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Casino licence premium and extended exclusivity premium		
Cost		
At beginning and at end of period/year	108,000	108,000
Accumulated amortisation		
At beginning of period/year	9,876	6,329
Charge for the period/year	1,773	3,547
At end of period/year	11,649	9,876
Net book value		
At end of period/year	96,351	98,124

11. Consumables

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

12. Trade and other receivables

	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Trade receivables	50,995	28,094
Other receivables, deposits and prepayments	6,822	5,511
	57,817	33,605
Less:Allowance for doubtful debts included in trade receivables	(152)	(152)
	57,665	33,453

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:

	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Current	42,741	23,044
1 to 3 months overdue	3,428	2,446
3 to 6 months overdue	1,333	881
6 to 12 months overdue	2,050	580
More than 12 months overdue	1,291	991
	50,843	27,942

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 over a certain range of amounts. The Group does not require collateral in respect of financial assets.

13. **Deposit payments for purchase of raw materials**

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

14. **Trade and other payables**

	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Trade payables (Note(a))	4,807	22
Unredeemed casino chips	14,294	12,062
Construction creditors	3,312	2,189
Tax penalties and late payment interest	91	85
Non-gaming obligation payments and other taxes (Note(b))	276	342
Deposits	900	500
Other creditors and accruals	1,640	3,216
	25,320	18,416

Notes:

(a) Included in trade and other payables are trade creditors with the following ageing analysis as at the balance sheet date:

	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Due within 1 month or on demand	3,800	—
Due after 1 month but within 3 months	—	—
Due after 3 months but within 6 months	—	—
Due after 6 months but within 12 months	1,000	15
More than 12 months	7	7
	4,807	22

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

15. **Share capital**

(i) *Authorised*

	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
8,000,000,000 ordinary shares of US$0.0125 each	100,000	100,000

(ii) *Issued and fully paid*

	30 June 2008 No of shares (Unaudited)	30 June 2008 US$'000 (Unaudited)	31 December 2007 No of shares (Audited)	31 December 2007 US$'000 (Audited)
At beginning of period/year	2,075,000,000	25,938	2,075,000,000	25,938
Repurchase and cancellation of shares during the period (Note(a))	(1,880,000)	(24)	—	—
At end of period/year	2,073,120,000	25,914	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.

Note :

(a) *Repurchase and cancellation of shares during the period*

On 3 April 2008, the Company repurchased 1,880,000 ordinary shares of US$0.0125 each of the Company at a price between Hong Kong dollars ("HK$")1.59 and HK$1.63 per share from the open market traded on the Main Board of The Stock Exchange of Hong Kong Limited. The total number of shares repurchased by the Company represented approximately 0.0906% of the total number of its issued and fully paid share capital before the repurchase and such shares were cancelled on 14 April 2008 in accordance with the requirement under the Listing Rules.

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 (the "Cambodian Government") 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 condensed consolidated financial statements and notes thereto for the six months ended 30 June 2008 included in this announcement. The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with IAS 34 "*Interim Financial Reporting*" promulgated by the IASB.

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 had continued to grow for the interim period under review.

Revenue increased by 68.5% to approximately US$109.1 million for the six months ended 30 June 2008 from approximately US$64.7 million for the same period in 2007. Profit before taxation increased to approximately US$26.4 million for the six months ended 30 June 2008 from approximately US$20.9 million for the same period in 2007. Profit attributable to the equity shareholders of the Company or net profit amounted to approximately US$25.5 million for the six months ended 30 June 2008, representing an increase of 26.9% compared to approximately US$20.1 million for the same period in 2007.

BUSINESS REVIEW

Our operations continued to benefit from the political stability and economic development of Cambodia for the interim period under review. The national election in Cambodia was conducted in July 2008 and according to primary results published by Cambodia's National Election Committee, the Cambodian People's Party (led by the current Prime Minister Samdech Hun Sen) won around 90 seats in the 123-member National Assembly. The Cambodian Government is expected to bring the country into the next phase of economic development and expansion on the back of a continued political stability. The number of visitor arrivals to Cambodia increased by approximately 12.6% to around 1,098,000 visitors for the six months ended 30 June 2008 from around 975,000 visitors for the same period in 2007. (*Source: Ministry of Tourism, Cambodia*)

For the six months ended 30 June 2008, casino operations continued to be the major revenue contributor for us and brought in revenue of approximately US$108.9 million, representing over 99% of our total revenue. Revenue derived from casino operations was approximately US$64.7 million for the same period in 2007. The majority of the revenue from the hotel wing was inter-divisional and was eliminated on consolidation. The increase in revenue from casino operations was mainly attributable to the higher revenue contributions from our public floor tables and specialised tour group ("STG") floor tables for the six months ended 30 June 2008.

Public Floor Tables

Revenue from our public floor tables increased notably by 195.7% to approximately US$55.0 million for the six months ended 30 June 2008 from approximately US$18.6 million for same period in 2007. Revenue derived from public floor tables accounted for 50.4% of our total revenue for the six months ended 30 June 2008 compared to 28.7% for the same period in 2007. The level of gaming activities conducted in public floor tables increased. Our various programmes namely, the Premium Players Programme, Vietnam Ground Junket Programme and Travel Agent Junket Programme continued to attract customers. The buy-in amounts made by players increased by 375.7% to US$323.5 million for the six months ended 30 June 2008 from approximately US$68.0 million for the same period in 2007. Approximately 91.2% of the revenue from public floor tables was attributed to the Premium Players Programme targeting Cambodians who are foreign passport holders.

The gross profit margins for public floor tables were 23.8% for the six months ended 30 June 2008 and 52.2% for the same period in 2007. The decrease in gross profit margin reflected the acceptance and related costs of our various programmes and changes in table winnings. Expenses included commission, food and beverages and transportation paid to operators and players which increased in tandem with the popularity of various programmes and level of gaming activities conducted at the public floor tables.

The win rates for public floor tables, being the ratio of revenue to buy-in amounts, were 17.0% for the six months ended 30 June 2008 compared to 27.4% for the same period in 2007. There were on average 57 public gaming tables for the six months ended 30 June 2008.

STG Floor Tables

Revenue from our STG floor tables increased by 17.8% to approximately US$52.4 million for the six months ended 30 June 2008 from approximately US$44.5 million for the same period in 2007. Revenue from our STG floor tables accounted for 48.0% of our total revenue in 2008 compared to 68.8% in 2007. Revenue included income of approximately US$12.6 million, being the first payment of fixed overriding management fee received from POIBOS Co., Ltd. ("POIBOS"), whose shares are listed and traded on Korean Securities Dealers Association Automated Quotations.

Level of gaming activity conducted in our various STG floor tables, as measured by rollings, increased by 6.6% to approximately US$1.2 billion for the six months ended 30 June 2008 from approximately US$1.1 billion for the same period in 2007. There were around 7,817 STG players who visited our casino in 2008 compared to 9,192 STG players in 2007.

The check-in amounts deposited by our STG players increased by 8.5% to approximately US$253.6 million for the six months ended 30 June 2008 from approximately US$233.7 million in 2007. The average check-in amounts per STG player was approximately US$32,442 per STG player in 2008 and approximately US$25,424 per STG player in 2007.

The gross profit margins for STG floor tables were 58.4% and 50.3% for the six months ended 30 June 2008 and 2007 respectively.

The win rates for STG floor tables, being the ratio of revenue to rollings, were 3.25 % for the six months ended 30 June 2008 (which excluded fixed overriding management fee of US$12.6 million received from POIBOS) compared to 3.87% for the same period in 2007. There were on average 48 STG gaming tables for the six months ended 30 June 2008.

Gaming Machine Stations

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

For the six months ended 30 June 2008, we derived revenue of US$1.5 million from the gaming machine stations which is the same as the level of revenue derived for the same period in 2007.

As at 30 June 2008, there were a total of 211 gaming machine stations available for patronage in our casino (30 June 2007: 211 gaming machine stations).

Gross Profit

For the six months ended 30 June 2008, cost of sales increased by 105.8% to approximately US$63.8 million from approximately US$31.0 million for the same period in 2007. The increase in cost of sales was attributable to, among other things, the rollings achieved by STG Players and other players resulting in higher amount of commission paid to 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 interim period under review, gross profit increased by 34.3% to US$45.3 million from US$33.7 million for the same period in 2007.

The Company recorded gross profits margins of 41.5% for the six months ended 30 June 2008 against 52.1% for the same period in 2007.

Administrative and other operating expenses

Administrative and other operating expenses (excluding amortisation of casino licence premium and depreciation and amortisation) increased by 29.4% to approximately US$15.8 million for the six months ended 30 June 2008 from approximately US$12.2 million for the same period in 2007. We have continued to recruit new staff to manage our gaming and hotel operations and other entertainment facilities. The number of our employees increased to about 2,424 employees for the six months ended 30 June 2008 from about 1,564 employees for the same period in 2007. In view of the expansion in our workforce, staff costs increased by 27.5% to approximately US$7.4 million for the six months ended 30 June 2008 from approximately US$5.8 million for the same period in 2007.

Fuel expenses increased to approximately US$2.1 million for the six months ended 30 June 2008 from approximately US$0.7 million for the same period in 2007. The increase in fuel expenses reflected among other things, the increase in fuel consumption for the operation and usage of various gaming spaces, facilities and related amenities in NagaWorld and the increase in fuel prices.

For the purpose of the IPO, the Group purchased insurance hedging country risks in Cambodia and made insurance premium payments of approximately US$1.2 million for the six months ended 30 June 2008 and for the same period in 2007.

Finance costs

We did not incur finance costs as there were no significant financing arrangements for the six months ended 30 June 2008.

Net Profit

For the six months ended 30 June 2008, profit attributable to equity shareholders of the Company or net profit increased to approximately US$25.5 million from approximately US$20.1 million for the same period in 2007, representing an increase of 26.9%. Net profit margins were 23.3% and 31.0% respectively for six months ended 30 June 2008 and 30 June 2007.

Earnings per share were approximately US cents 1.23 (or equivalent to HK cents 9.6 per share) for the six months ended 30 June 2008 compared to US cents 0.97 (or equivalent to HK cents 7.6 per share) for the same period in 2007.

FINANCIAL REVIEW

Pledge of Assets

As at 30 June 2008 the Group had not pledged any assets for bank borrowings (31 December 2007: US$ Nil).

Contingent Liabilities

As at 30 June 2008, the Group had no contingent liabilities. In relation to the litigation of an STG as disclosed in the annual report 2007, the Group has provided adequate allowance of US$2.1 million for the case.

Exchange rate risk

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

Liquidity, Financial Resources and Gearing

As at 30 June 2008, the Group had total cash and bank balances of approximately US$46.7 million (31 December 2007: approximately US$56.2 million). Funding of our construction and operations is by cash generated from operations and IPO proceeds.

As at 30 June 2008, the Group had net current assets of approximately US$63.5 million (31 December 2007: approximately US$72.2 million).

As at 30 June 2008, the Group had no outstanding borrowings (31 December 2007: US$ Nil).

Capital and Reserves

As at 30 June 2008, the capital and reserves attributable to equity shareholders of our Company were approximately US$271.7 million (31 December 2007: approximately US$262.6 million).

Staff

As at 30 June 2008, the Group employed a work force of about 2,424 (as at 30 June 2007: about 1,564) stationed mostly in Cambodia, Malaysia and Hong Kong. Remuneration and staff costs for the interim period under review were approximately US$7.4 million (for the six months ended 30 June 2007: approximately US$5.8 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:

	Approximate net IPO proceeds (US$ million)	**Proceeds utilised as at 30 June 2008** (US$ million)	**Remaining net IPO proceeds** (US$ million)
Development of NagaWorld	69.5	69.0	0.5
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	7.7	13.7
General working capital	4.0	3.7	0.3
Total	94.9	80.4	14.5

With the completion of levels 6, 7 and 8 of the North Tower, the construction of all gaming levels of the entertainment wing of NagaWorld was largely completed. The construction of spa located at level 2 in the entertainment wing of NagaWorld was completed and the operation of which commenced. In general, the construction of the entertainment wing was largely completed.

In respect of the hotel wing of NagaWorld, construction of the grand hotel lobby and the designated gaming space (together with 32 gaming tables) for POIBOS was completed. The construction of the 508 hotel rooms under the original building plan was also completed for the period under review. Internal fittings works for the various restaurants (including among other things a Korean barbecue restaurant and an

Italian food restaurant) are being carried out and completion of which is expected by the end of 2008. The grand ball room, which is capable of housing around 2,000 guests, is in the final preparation stage and expected to be ready by the end of 2008. We planned to fill the themed retail space located at the hotel wing with international retailers of luxurious articles and our business development division is working on this.

The carpark block which will house among other things, carparking space and a rooftop swimming pool is under construction and completion of which is expected by the end of 2008.

PROSPECT

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.

We have continued to make progress in delivering our results amidst an uncertain global economic development.

In terms of contribution to revenue, it is heartening to note that our public floor continues to contribute more than 50% of the total gaming as a result of improving political stability and economic conditions in the host nation. Domestic gaming market is less recession prone especially in this uncertain world market and commands lower direct costs of sales. With the completion of NagaWorld which has many entertainment facilities, the Company is hopeful that both gaming and non-gaming business would improve in the Phnom Penh market in the coming months ahead.

The completion of construction of NagaWorld positions the hotel casino complex as an internationally competitive gaming destination. Today the complex is well visited by locals and foreigners alike. NagaWorld now, an international 5-star hotel, has 508 rooms and 137 gaming tables with another 48 gaming tables being completed in the casino wing in the next 2 months. With a musical fountain at the front of the complex, world class spa and karaoke entertainment facilities, shopping and the biggest convention facilities in the city and many food and beverage outlets, NagaWorld is well poised as not only as a casino complex but also as a high energetic well visited tourist destination in Phnom Penh.

Future direction of the STG market shall follow success in the past i.e. to concentrate on midsize gaming players. The single important focus on the marketing strategic direction is to increase number of midsize gaming players. To look for the increase of midsize players, management shall continue the search to replenish this energy in both the traditional and non-traditional markets. More market share has to be captured from the traditional markets of Malaysia, Singapore and China. More penetration to increase our market share of 5% to 7 % in Thailand and Vietnam has to be emphasized. The Company is now planning to expand into non-traditional markets like Taiwan, Indonesia, India, Korea and Japan by appointing suitable qualified operators. For the choice of operators, management is pursuing the policy of flight to quality and tends to concentrate more on quality rather than quantity. Efforts are directed at evaluating the quality of operators in terms of creditworthiness, reliability of debt collections, ability to bring in more and new players, rollings performance and character checking. It is the intention of the casino not to introduce more programs all the time but rather the concentration on one or more programs which have been proven successful in the past. Nevertheless, with completion of NagaWorld, junket programs are offered as a result of more facilities based on a completed casino complex.

Excellence in human resources has always been emphasized by NagaWorld to attain corporate objectives. Both the gaming and non-gaming divisions are adequately staffed with experienced group of expatriates with expertise in the particular sector. With a staff strength of about 2,424 people NagaWorld is well equipped with staff to run a world class hotel casino complex with international standard of services and competitive VIP gaming services.

The Company distinguishes itself as an Indo-China hotel casino complex operating in a politically stable environment, well patronized by gaming visitors (from the surrounding and growing economies) who seek for the fun of escapism in a rapidly developing market. As a result, NagaWorld has received attention from regional and international gaming companies seeking for creating win-win situations.

AUDIT COMMITTEE

The condensed consolidated financial statements for the six months ended 30 June 2008 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

BDO McCabe Lo Limited have reviewed the condensed consolidated financial results for the six months ended 30 June 2008 in accordance with Hong Kong Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

INTERIM DIVIDEND

The Board has resolved to declare payment of an interim dividend of US cents 0.74 per share (or equivalent to HK cents 5.80 per share) for the six months ended 30 June 2008 to shareholders whose names appear on the Register of Members of the Company on 19 September 2008. Dividend payment is expected to be made on or around 30 September 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 22 September 2008 to 23 September 2008 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 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 19 September 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 3 April 2008, the Company repurchased 1,880,000 ordinary shares of US$0.0125 each of the Company at a price between HK$1.59 and HK$1.63 per share from the open market traded on the Main Board of The Stock Exchange of Hong Kong Limited. The total number of shares repurchased by the Company represented approximately 0.0906% of the total number of its issued and fully paid share capital before the repurchase and such shares were cancelled on 14 April 2008 in accordance with the requirement under the Listing Rules.

Save and except for the above, there was no other purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company for the six months ended 30 June 2008.

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 Listing Rules for the first six months ended 30 June 2008.

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 interim period under review.

PUBLICATION OF FINANCIAL INFORMATION

The interim report of the Group for the six months ended 30 June 2008 containing, among others, the interim financial information of the Group will be despatched to our shareholders and available at the Company's website www.nagacorp.com

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, Monica Lam Yi Lin and Angus Au-Yeung Wai Kai

Non-executive Director
Timothy Patrick McNally

Independent Non-executive Directors
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, 25 August 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.