ANNUAL REPORT 2009

NAGACORP

Nagacorp Ltd.
金界控股有限公司*

(Incorporated in Cayman Islands with limited liability)
Stock code: 3918
* For indentification purpose only

MOMENTUM

The political stability and economic development of Cambodia has continued after the national election conducted in July 2008. The gross domestic product of the country is expected to expand by 4.8% in 2010.

Cambodia is one of the world's fastest developing nations and an increasingly popular travel and entertainment destination. Angkor Wat and NagaWorld® are two of the most powerful tourist attractions in Cambodia.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Tan Sri Dr Chen Lip Keong
(Chief Executive Officer)
Monica Lam Yi Lin

Non-executive Directors

Timothy Patrick McNally *(Chairman)*
Chen Yiy Fon

Independent Non-executive Directors

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

AUDIT COMMITTEE

Leow Ming Fong *(Chairman)*
Lim Mun Kee
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir

REMUNERATION COMMITTEE

Tan Sri Dr Chen Lip Keong *(Chairman)*
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
Leow Ming Fong
Lim Mun Kee
Chen Yiy Fon

NOMINATION COMMITTEE

Tan Sri Dr Chen Lip Keong *(Chairman)*
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
Leow Ming Fong
Lim Mun Kee
Chen Yiy Fon

AML OVERSIGHT COMMITTEE

Timothy Patrick McNally *(Chairman)*
Tan Sri Dr Chen Lip Keong
Leow Ming Fong
Chen Yiy Fon

COMPANY SECRETARY

Lai Yau Hong Thomson, ACS ACIS

AUTHORISED REPRESENTATIVES

Monica Lam Yi Lin, ACS ACIS
Lai Yau Hong Thomson, ACS ACIS

AUDITOR

BDO Limited

SOLICITORS

P. C. Woo & Co.
Troutman Sanders
Law Offices of Nolan C. Stringfield & Associates
Law Office of Long Dara
Conyers Dill & Pearman

PRINCIPAL BANKER

Malayan Banking Berhad (Phnom Penh Branch)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN CAMBODIA

NagaWorld Building
South of Samdech Hun Sen's Park
Phnom Penh
Kingdom of Cambodia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2806
28th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

3918

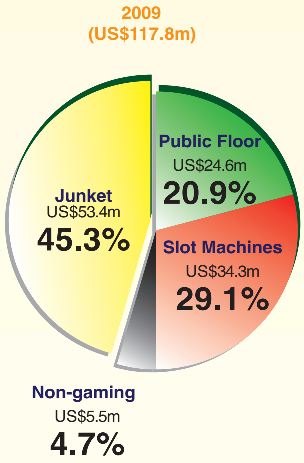
COMPANY WEBSITE

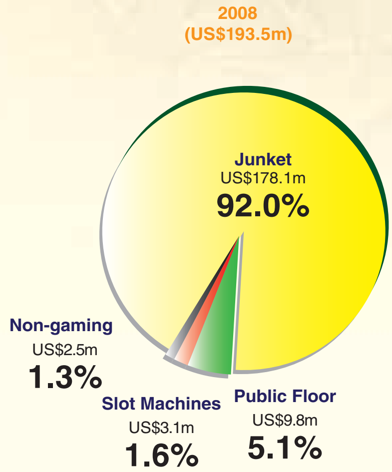
www.nagacorp.com

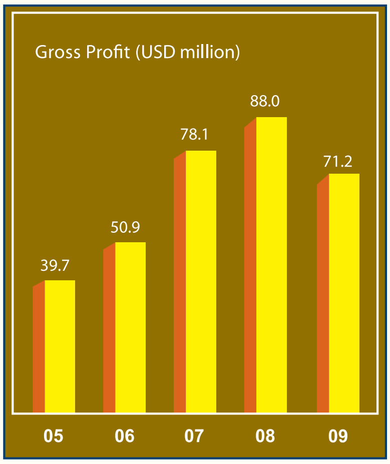
NAGACORP

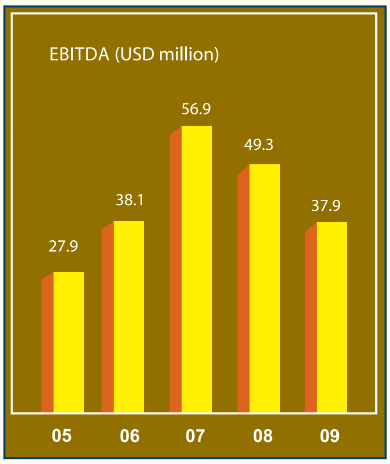
- **NagaCorp Ltd**
  - 100% **NagaCorp (HK) Limited**
    - 100% **Ariston Sdn Bhd ("Ariston")**
      - **Ariston** (Cambodian Branch)
      - **Neptune Orient Sdn Bhd** ("Neptune Orient")
        - **Neptune Orient** (Cambodian Branch)
        - **Ariston (Cambodia) Limited**
    - 100% **NAGAWORLD LIMITED ("NWL")**
      - **NWL** (Cambodian branch) - Hotel & Entertainment Branch
      - **NWL** (Cambodian branch) - Gaming Branch
      - 100%
        - **Naga Entertainment Limited**
        - **Naga Sports Limited**
        - **Naga Services Limited**
        - **Naga Retail Limited**
        - **Naga Travel Limited**
        - **Naga Media Limited**
        - **Naga Management Limited**

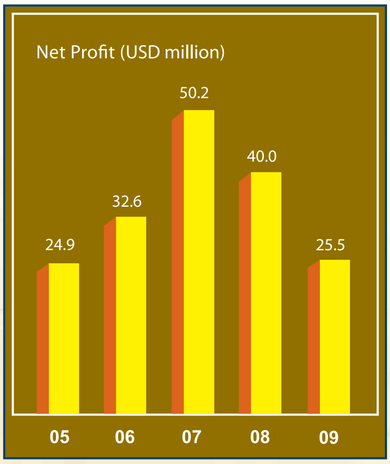
FINANCIAL HIGHLIGHTS

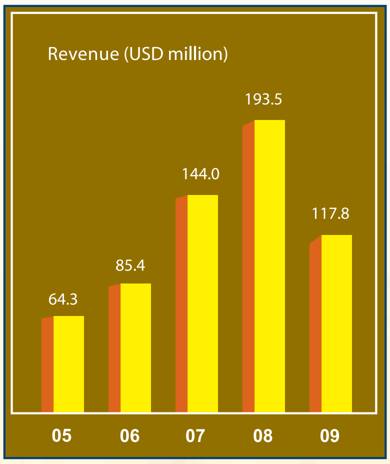










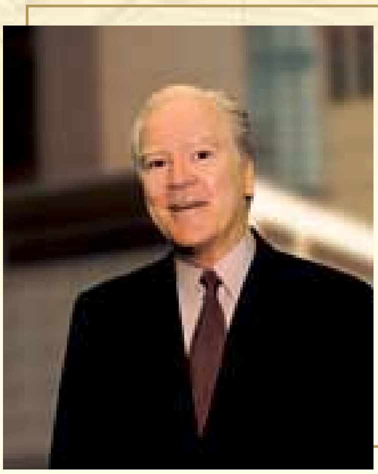


EXPLORE HISTORY & ENJOY LUXURY

NagaWorld - the only integrated one-stop hotel-casino entertainment complex in Phnom Penh, Hong Kong listed NagaCorp Ltd. holds a 70-year casino licence up to 2065, and has a 41-year monopoly, until 2035.


NAGAWORLD
CAMBODIA

CHAIRMAN/CEO'S STATEMENT



Timothy Patrick McNally Chairman

Dear Shareholders,

We are pleased to announce that NagaCorp Ltd. ("NagaCorp" or the "Company") reported a Net Profit of US$25.5 million in 2009 amidst a challenging global gaming market. Thanks to our management strength, solid business foundation, robust financial position and unique geographical advantage, we were able to rise above the challenges and deliver solid results in 2009. NagaWorld Cambodia is today a social, events, business and tourist destination, well patronized and frequented by locals and overseas customers from both public and private sectors.

STABLE BUSINESS AMIDST A CHALLENGING GLOBAL GAMING MARKET

What is remarkable is that revenue derived from Public Floor tables increased by 151.3% to US$24.6 million and the revenue from Gaming Machine Stations increased by 1,006.5% to US$34.3 million, which signifies a more stable, profitable and reliable income stream. Attainment of high gross profit margin of 60.4% in 2009 (compared with 45.5% in 2008) has been achieved at the backdrop of cost reduction measures and better business efficiency. Direct costs have been cut down by 56%. Non-gaming revenue has been increased by 120% as the full impact of a completed NagaWorld with all of its amenities is fully functional.

An improving regulatory and supervisory environment of gaming machine stations in Cambodia and the closure of slot machine outlets and sports betting stations has since witnessed a notable growth in the number of slot machines and overall business in NagaWorld. The average number of Slot stations in 2009 was 523, compared with 200 slot machines in 2006. To date, the number of slot stations has increased to 738.

With regard to the Public Floor, the improving political stability and acceptance and success of NagaWorld as a social, recreational, events, business, tourists destination centre, well patronized by locals and overseas visitors, underpinned the 151.3% increase in revenue on the Public Floors. Buy-ins in 2009 were consistently above the level in 2008 and the number of tourist visits, especially from Vietnam, continued to increase.

Tan Sri Dr Chen Lip Keong CEO

CHAIRMAN/CEO'S STATEMENT

Despite a decline in the Junket Floor business, NagaCorp is optimistic and confident in improving its junket business for two important reasons. First is NagaWorld's ability to continue exercising flexibility in enhancing its commission structure to benefit junkets because of our low tax rate (for instance our commission payable today is a highly competitive 1.7%). The other key reason is our ability to offer competitive hotel Casino Services (such as pricing our 5-star hotel rooms at rates below our competitors, and offering superb VIP Casino services and gaming leisure-related entertainment under one roof). More comprehensive marketing planning initiatives have been launched by dividing our Asia marketing map into 3-polar zones, i.e., Indo China, China and SE Asia. NagaWorld has also been talking to regional airlines like Shenzhen Airlines, MAS & CAA in order to create more synergy with these carriers. The launch of the Premium Floors (without Junket) has been generating good gaming results.

SOLID BUSINESS FOUNDATION BACKED BY HEALTHY FINANCIAL MANAGEMENT AND CREDIT POLICY

NagaCorp continued to be in a net cash position with no gearing. Bolstered by cash from operating income and collection from debtors, the cash position of the Group was improved and the bank and cash balances were increased by 98%.

As always, we closely monitor and review the performance of our Junket operators and constantly seek to maintain a win-win relationship with them. NagaCorp's management team has also put in place stringent credit guidelines and supervision in order to manage trade receivables and credit risk. In particular, only bona fide operators with excellent credit records are granted credit facilities. We believe that this stringent credit policy will be beneficial to the control and management of Trade Receivables in the future. This has resulted in a drop in Trade Receivables by 15%, from US$60.2 million in 2008 to US$51.0 million in 2009.

CHAIRMAN/CEO'S STATEMENT

ATTRACTIVE DIVIDEND YIELD WITH DIVIDEND PAYOUT RATIO OF APPROXIMATELY 60%

The Board has resolved to declare a final dividend of 0.40 US cents per share. Together with the interim dividend of 0.33 US cents per share, it represents a total dividend payout of approximately 60%, based on net profit for the 12 months ended December 31, 2009. Based on the closing market price of HK$0.83 on 8 February 2010, the dividend yield was approximately 7%, which is impressive amongst gaming companies in the world.

FUTURE PROSPECTS

NagaWorld is now established as a landmark quality building in Cambodia. Our hotel and entertainment operations, through the extensive range of world class services we offer, has helped NagaWorld become a social, event, business and tourist destination that attracts growing numbers of local and overseas visitors, which has sustained our impressive business growth. Currently, we have 11 food and beverage outlets catering to both gaming and non-gaming patrons, and we offer 158 gaming tables, 738 gaming machine stations and 508 hotel rooms. Furthermore our MICE facility is the largest and the most comprehensive in Cambodia, making us the most popular venue for holding meetings and events.

Political and social stability continue to help tourist arrivals to Cambodia. The outlook for the tourism industry remains positive as the Cambodian government is strongly committed to developing tourism and improving the living standards of its people.

Bringing together the strengths of our distinctive monopoly position in Cambodia, world-class gaming and hospitality services, management experience, as well as our solid financial position and prudent gaming policy, we are confident that NagaWorld can continue to distinguish itself as a leading Indo-China hotel casino complex, offering the best services and products to its customers in the region.

Looking ahead, to drive business growth, we have strategized our priority on the following:

Higher earnings – Pushing for more regional gaming market share, especially in Vietnam, as well as providing innovative Junket programs and producing more non-gaming revenue;

Earnings stability – Lessening daily earnings fluctuations by maintaining popular and reasonable table limits;

Costs control and improving margins – Smaller and yet competitive commissions to operators, and;

Improving on cash position – Gaming on cash terms only

Enhancing our gaming revenue through more innovative Junket programs running on regional captive markets has always been an aim of our international marketing team. Commissions at 1.7% remain one of the highest in the world. Despite this, we have been successful in reducing our costs by adoption of a few cost reduction measures.

Our corporate vision is to become a world class corporation "with excellence in our products, people and profitability" for the benefit of the host nation and all of our shareholders. With our prudent and appropriate policies in place, NagaWorld can distinguish itself as the Indo-China hotel casino complex and continue to offer international, competitive and quality service and products to its customers and visitors coming from the surrounding and growing economies. The success of the gaming and leisure industries will, in turn, benefit our host nation and generate return for the Company, its shareholders and investors.

CHAIRMAN/CEO'S STATEMENT

SOCIAL RESPONSIBILITIES

In order to maintain the strategic position of the Company and its monopoly and favourable tax status, NagaWorld continues to devise private and public sector participation programmes.

NagaWorld will continue this journey of being a good corporate citizen and striving for excellence to uphold its position in the country.

CORPORATE GOVERNANCE

The Company has engaged an independent professional party to review the internal controls of the Company and its subsidiaries (collectively the "Group") with a focus on anti-money laundering. The independent professional party has performed reviews of the internal controls of the Group and its findings are set out in this report.

The Company has also engaged another independent professional party to assess the investment risks in Cambodia and its findings are set out in this report.

OUR APPRECIATION

Finally, on behalf of the Board of Directors, we would like to take this opportunity to express our gratitude to all shareholders and business partners for their support, and to the management team and our colleagues for their hard work and unwavering commitment over the years.

Timothy Patrick McNally
Chairman

Tan Sri Dr Chen Lip Keong
Chief Executive Officer

Hong Kong
9 February 2010

EXPLORE HISTORY & ENJOY LUXURY

NagaWorld - the only integrated one-stop hotel-casino entertainment complex in Phnom Penh, Hong Kong listed NagaCorp Ltd. holds a 70-year casino licence up to 2065, and has a 41-year monopoly, until 2035.

MANAGEMENT DISCUSSION & ANALYSIS

We own, manage and operate the only licensed casino in Phnom Penh, the capital city of Cambodia. We hold a casino licence (the "Casino Licence") granted to us by the Royal Government of Cambodia (the "Cambodian Government") with the right to operate casino activities in Cambodia for 70 years commencing from 2 January 1995, as well as the right to operate for 41 years on an exclusive basis within a 200-km radius of Phnom Penh, Cambodia (except the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville).

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

INTERIM AND FINAL DIVIDENDS

On 29 January 2010, the Company made an interim dividend payment of US cents 0.33 per share (or equivalent to HK cents 2.57 per share) for the year ended 31 December 2009. The Board has also resolved to declare payment of a final dividend of US cents 0.40 per share (or equivalent to HK cents 3.12 per share) for the year ended 31 December 2009. The Company will make further announcement in respect of the final dividend payment in accordance with the requirements under the Listing Rules.

RESULTS

Revenue decreased by 39.1% to approximately US$117.8 million for the financial year ended 31 December 2009, from US$193.5 million in 2008. Gross profit decreased by 19.0% to approximately US$71.2 million in 2009, from US$88.0 million in 2008. Earnings before interest, taxation, depreciation and amortization ("EBITDA") was approximately US$37.9 million in 2009 and approximately US$49.3 million in 2008. Profit attributable to shareholders of the Company, or net profit, decreased by 36.3% to approximately US$25.5 million in 2009, from US$40.0 million in 2008.

It is noted that the Group had recorded a management fee of US$12.6 million from Poibos Co Ltd. ("Poibos") as revenue in 2008 in accordance with the terms of the management agreement dated 13 December 2007. In view of Poibos' breach of terms stipulated in the management agreement, the Group terminated the agreement in 2008. As such, the management fee recorded in the year ended 31 December 2008 was non-recurrent in nature.

For illustration purposes, should the revenue and net profit of US$12.6 million derived from the non-recurrent management fee from Poibos be excluded from the financial results of the Group for the year ended 31 December 2008, the Consolidated Statement of Income would be as follows:

Consolidated Statement of Income Excluding Non-recurrent Management Fee Income from Poibos in 2008

	Financial year ended 31 December	
	2009	2008
	US$' million	US$' million
Revenue	117.8	180.9
Cost of sales	(46.6)	(105.5)
Gross profit	71.2	75.4
Gross Profit Margin (%)	60.4%	41.7%
Other income	0.8	2.6
Administrative and other operating expenses (before depreciation and amortization)	(34.1)	(41.3)
Earnings before Interest, Taxation, Depreciation and Amortization (EBITDA)	37.9	36.7
EBITDA Margin (%)	32.2%	20.3%
Interest, Depreciation and amortization	(10.3)	(7.3)
Income tax	(2.1)	(2.0)
Profit attributable to equity shareholders of the Company	25.5	27.4

BUSINESS REVIEW (EXCLUDING NON-RECURRENT MANAGEMENT FEE INCOME FROM POIBOS IN 2008)

Despite a drop in worldwide tourist arrivals of 4% in 2009 compared to 2008 (Source: World Tourism Organization), tourism in Cambodia has been able to maintain its arrivals figures at 2.1 million in 2009 (Source: Ministry of Tourism, Kingdom of Cambodia). The sustained tourism arrivals and stable political environment have enabled the Group to penetrate further into the mass gaming market comprising public floors and gaming machines, which yields higher margins than the Junket VIP market. The enhanced business efficiency is reflected in the significant increase in EBITDA Margin from 20.3% in 2008 to 32.2% in 2009. Despite a drop in revenue from US$180.9 million to US$117.8 million, EBITDA has increased from US$36.7 million to US$37.9 million.

For the year ended 31 December 2009, revenue derived from non-junket business contributed to 54.7% of total revenue compared to only 7.9% in 2008. This improved business mix between Junket VIP and non-junket business has provided the Group with more stable revenues and higher margins.

As a result of promotional events hosted by NagaWorld and additional food and beverage outlets opened in 2009, NagaWorld is now recognized as a social, recreational, events, business and tourist destination in Cambodia and is well patronized by locals and overseas visitors. This has resulted in an increase in non-gaming revenue from US$2.5 million in 2008 to US$5.5 million in 2009.

Public Floor Tables

Revenue from the public floor in respect of those earning commissions have been reclassified as Junket VIP floor tables for the years ended 31 December 2009 and 2008. This reclassification better reflects the nature of the public floor business where there are no operators and no commissions are paid compared with the Junket VIP business where operators are paid commissions on rollings. Revenue from public floor tables has increased significantly by 151.0% from US$9.8 million in 2008 to US$24.6 million in 2009 as a result of higher buy-ins and win rates in 2009.

Buy-ins on the public floor increased from US$129.1 million in 2008 to US$150.9 million in 2009 while win rates improved from 7.6% in 2008 to 16.3% in 2009.

Gaming Machine Stations

NagaWorld's monopolistic advantage in Phnom Penh as a result of the closure of other slot machine and sports betting station outlets in the city has resulted in significant growth in the Group's Gaming Machine Stations business in 2009.

The number of Gaming Machine Stations in NagaWorld grew sharply from 211 at the end of 2008, to 618 as of 31 December 2009. As of the date of this announcement, a further 120 machines have been installed, bringing the total to 738, and we expect that the total number of machines will increase to about 1,000 by mid 2010.

The sustained demand growth for Gaming Machine plays in NagaWorld has driven the revenue from Gaming Machine Stations up to US$34.3 million in 2009 from US$3.1 million in 2008. The business growth was also reflected in the increase in bills-in from US$40.7 million in the first half of 2009 to US$175.8 million in the second half of 2009.

Junket VIP Floor Tables

The global financial tsunami has affected the Junket VIP business performance for the year ended 31 December 2009, resulting in a drop in revenue of US$112.1 million from US$165.5 million in 2008 (excluding the non-recurrent management fee from Poibos in 2008 and including the reclassification of revenue from the public floor in respect of those earning commissions as Junket VIP floor tables) to US$53.4 million in 2009.

The Group also tightened its credit policies in 2009 by only granting limited credit lines to Junket operators under strict guidelines and supervision in line with the Group's policy of encouraging wagering on cash terms. The tighter credit policy, coupled with the global financial tsunami, has resulted in lower check-in amounts of US$387.5 million in 2009 as compared to US$870.1 million in 2008.

The win rate of Junket VIP business dropped from 2.6% in 2008 to 2.3% in 2009. This had the effect of reducing the gross profit margin from 36.8% in 2008 to 23.2% in 2009. To enhance the gross profit margin, the subsidies for rooms, food and beverage and air tickets were carefully monitored and either reduced or withdrawn in the second half of 2009. As a result, the gross profit margin improved from 20.2% in the first half of 2009 to 28.6% in the second half of 2009.

Gross Profit

Gross Profit Margin improved from 41.7% in 2008 to 60.4% in 2009 due to a more efficient business mix where 54.7% of total revenue was derived from the public floor, gaming machines and non-gaming business segments as compared to only 7.9% in 2008. These business segments do not incur rolling commissions as compared to the Junket VIP business where commissions are paid based on rollings achieved by the Junket VIP players.

2009 saw the double barreled effects of not only higher revenue in the Public Floors and Slots revenue but also lower direct costs as a result of a number of initiatives, such as the variability on the commission structure offered to our junket to create bilateral beneficial effects to both the Group and the operator. Hence, despite a drop of revenue of 34.9% (excluding the one off management fee income from POIBOS in 2008), Gross Profit and EBITDA remain fairly stable.

Administrative and Other Operating Expenses (Before Depreciation and Amortization)

Due to the continuous efforts by the Management to reduce overheads, Administrative and Other Operating Expenses (before Depreciation and Amortization) fell from US$41.3 million in 2008 to US$34.1 million in 2009 despite the opening of additional food and beverage outlets in NagaWorld.

Finance Costs

We did not incur any significant finance costs as there were no significant financing arrangements in 2009.

Net Profit

Profit attributable to equity shareholders of the Company or net profit decreased by 6.9% to approximately US$25.5 million in 2009 from US$27.4 million in 2008.

FINANCIAL REVIEW

Pledge of Assets

As at 31 December 2009, the Group had not pledged any assets for bank borrowings (2008: US$ Nil).

Contingent Liabilities

As at 31 December 2009, the Group had no contingent liabilities.

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 and therefore has not entered into any currency hedging transactions.

Issue of New Shares

On 18 June 2009, the Company issued 13,642,875 ordinary shares under the scrip dividend payment scheme for 60% of the payment of the 2008 final dividend. The market value for calculating the number of Scrip Shares allotted to the shareholders pursuant to the scrip dividend scheme was HK$0.94 per share (or HK cents 94 per share), which was the average of the closing price per share of the Company on the Stock Exchange for the 5 consecutive trading days up to and including 18 May 2009.

Liquidity, Financial Resources and Gearing

As at 31 December 2009, the Group had total cash and cash equivalents and fixed deposit at bank of approximately US$19.0 million (2008: approximately US$9.6 million). Funding for construction and operations is by cash generated from operations and IPO proceeds.

As at 31 December 2009, the Group had net current assets of approximately US$42.6 million (2008: US$52.4 million). The Group had net assets of approximately US$287.7 million as at 31 December 2009 (2008: US$270.2 million).

As at 31 December 2009 and 2008, the Group had no outstanding borrowings.

Capital and Reserves

As at 31 December 2009, the capital and reserves attributable to equity shareholders of the Company was approximately US$287.7 million (2008: US$270.2 million). The changes in the capital and reserves reflected the profit retained and dividend paid in 2009.

Staff

As at 31 December 2009, the Group employed a work force of 3,161 (2008: 3,258) stationed in Cambodia, Malaysia and Hong Kong. The remuneration and staff costs for the financial year under review were approximately US$16.9 million (2008: approximately US$17.1 million).

Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement scheme and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Trade Receivables and Credit Policy

NagaWorld is committed to deliver excellence in services and products to its gaming customers and the relationship with its Junket operators is crucial towards satisfying these objectives. The Company has maintained a win-win cordial commercial relationship with many of these Junket operators for a very long period of time spanning through many ups and downs of economic cycles in the past. Mutual support is essential such that Junket VIP business will continue to make contribution throughout this very challenging time. However we are closely monitoring and reviewing the performance of our operators. Only bona fide, hardworking, honest and results-oriented operators who abide by our strict credit policy & guidelines are retained.

We have closely monitored the changes in trade receivables and focused on their recovery, resulting in a 15.3% decrease in trade receivables from US$60.2 million to US$51.0 million.

Management has in place stringent credit guidelines and supervision. Depending on the performance and other criteria as set by the Company from time to time, many unqualified operators are not granted any credit facility at all and by doing so, it is of the view that this revised credit policy shall be beneficial to the control and management of trade receivables in future.

For the year ended 31 December 2009, the Group made a provision for doubtful debts of US$1.6 million in respect of trade receivables which are deemed doubtful of recovery.

Development of NagaWorld

NagaWorld today is a social, event, business and tourist destination, well-patronized and frequented by locals and overseas customers from both public and private sectors. Our hotel and casino complex are of international standard with a built-up area of approximately 110,768 square metres. As at 31 December 2009, NagaWorld offers 158 gaming tables, 618 gaming machine stations, 508 hotel rooms, 11 food and beverage outlets, a karaoke, a spa and the largest Meetings, Incentives, Conventions & Exhibitions facilities ("MICE") in Cambodia.

We have refreshed and renewed the look of the ground floor at the entertainment wing of NagaWorld and added a ground-floor club lounge at the hotel wing. With the completion of a multi-storey car park block in the coming year, it will house, among other things, a rooftop swimming pool, health club, offices and additional hotel rooms.

NagaWorld is already a landmark building in Phnom Penh and any upgrade shall turn NagaWorld into a more attractive destination both within Cambodia and the Greater Indo-China region.

BOARD OF DIRECTORS' PROFILE

Timothy Patrick McNally Chairman

Mr. Timothy Patrick McNally, aged 62, joined the Company as the Chairman of the Board in February 2005. From April 1999 until October 2005, Mr. McNally was the Executive Director of Security and Corporate Legal Services for the Hong Kong Jockey Club (the "Club"). In this capacity, Mr. McNally was a member of the executive Board of Management of the Club and was responsible for, among others, corporate governance issues.

He is currently an international security consultant and operates his own business known as the McNally Security Group. Prior to his move to Hong Kong, Mr. McNally was a Special Agent of the Federal Bureau of Investigation (the "FBI") for 24 years (1975-99). Mr. McNally's career focused on the investigation and prosecution of serious crime, including organized crime, drug trafficking, corruption and fraud matters. He was also assigned for two years as a legislative counsel by the FBI to handle issues arising with the US Congress.

He subsequently held several senior positions within the FBI including heading the organized crime and drug investigative programs in the Miami, Florida office from 1984 to 1991. He served as the Deputy Director of the National Drug Intelligence Center 1992-93; subsequently headed up the Criminal Division of the Washington DC field office; served as the Agent in charge of the Baltimore, Maryland office (1994-96); and concluded his career as the head of the FBI's second largest field division in Los Angeles, California.

Mr. McNally is a member of the Asian Society of Southern California; the National Executive Institute; and the Society of Former Special Agents of the FBI. He is a graduate of the University of Wisconsin-Eau Claire, receiving a Bachelor's degree in Political Science in 1969. He was granted a Juris Doctorate degree from Marquette University Law School in 1973 and was admitted to the State Bar of Wisconsin in June 1973.

Tan Sri Dr Chen Lip Keong CEO

Tan Sri Dato' Dr Chen Lip Keong, aged 62, is the Chief Executive Officer as well as the founder and the controlling shareholder of the Company with over 30 years of managerial, corporate and business experiences. Tan Sri Dato' Dr Chen is an Economic Advisor to the Prime Minister of Cambodia and an Advisor to the Royal Government of Cambodia with Ministerial status. He is also a director of NagaCorp (HK) Limited, NWL and Ariston. Tan Sri Dato' Dr Chen graduated from the University of Malaya with an MBBS and has been conferred with various titles and awards including Darjah Indera Mahkota Pahang (which carries the title "Dato"), Darjah Sultan Salahuddin Aziz (which carries the title "Datuk") and Panglima Setia Mahkota (which carries the title "Tan Sri"). He is the father of Mr. Chen Yiy Fon, one of the Company's Non-executive Directors.

BOARD OF DIRECTORS' PROFILE

Monica Lam Yi Lin
Executive Director

Ms. Monica Lam Yi Lin, aged 50, joined the Group in October 1995 and is responsible for supervising the Company's secretarial and other administrative matters of our operations in Hong Kong. Prior to joining the Group, Ms. Lam was a company secretary in a Canadian solicitors firm from July 1994 to October 1995, and prior to that was a company secretarial assistant in an architectural firm for nearly three years. Ms. Lam is an Associate of The Hong Kong Institute of Chartered Secretaries and an Associate of The Institute of Chartered Secretaries and Administrators.

Chen Yiy Fon
Non-executive Director

Mr. Chen Yiy Fon, aged 29, is the son of Tan Sri Dr Chen Lip Keong, the Chief Executive Officer, Executive Director and the controlling shareholder of the Company. Mr. Chen graduated with a Bachelor of Arts in Economics from the University of Southern California, Los Angeles in 2003. In 2003 he interned at Morgan Stanley, Los Angeles, California and in 2004 he interned at Credit Suisse First Boston, Singapore. He is a Director of each of NagaCorp (HK) Limited and Ariston Sdn Berhad, wholly owned subsidiaries of the Company and is also a Director of each of NagaWorld Limited, Neptune Orient Sdn Berhad and Ariston (Cambodia) Limited, indirect wholly-owned subsidiaries of the Company.

Mr. Chen is also the Chief Operating Officer and Executive Director of Karambunai Corp Berhad and he also sits on the Board of FACB Industries Incorporated Berhad and Petaling Tin Berhad. All these companies are controlled by Tan Sri Dr Chen Lip Keong, the controlling shareholder of the Company.

Leow Ming Fong
Independent Non-executive Director

Mr. Leow Ming Fong, aged 60, obtained his professional qualification as a member of the Institute of Chartered Accountants in England and Wales in London in 1972. He is a fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Chartered Accountants. Mr. Leow joined KPMG Malaysia in 1973 and in 1980 he became a partner of the firm until his retirement in December 2005. He has had over 32 years of audit experience in various industries including several public listed companies in Malaysia and multinational companies. While at KPMG Malaysia, he had overseas working assignments in Cambodia, Vietnam and Singapore. Since his retirement from KPMG, he has been appointed as an independent non-executive director to Malaysian public listed companies Kurnia Asia Berhad and Karambunai Corporation Berhad in which Tan Sri Dr. Chen Lip Keong is the controlling shareholder. He is also an independent non-executive director respectively to Canadia Bank PLC Limited, a commercial bank operating in Cambodia and to Nam Fatt Corporation Berhad, a public listed Company in Malaysia.

BOARD OF DIRECTORS' PROFILE

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir
Independent Non-executive Director

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, aged 70, 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, serving as Political Secretary, Parliamentary Secretary, Deputy Minister and Minister in various ministries almost continuously until his resignation as the Minister of Information of Malaysia on 14 February 2006. He was the Minister of Culture, Arts and Tourism of Malaysia for 5 years before his appointment as the Minister of Information of Malaysia in 2004. During his tenure as the 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.

Lim Mun Kee
Independent Non-executive Director

Mr. Lim Mun Kee, aged 43, is a Malaysian and a qualified accountant registered with Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants since 1995. Mr. Lim started his career with KPMG Peat Marwick, Malaysia in 1989 and has 20 years of experience in auditing, finance and accountancy works. Prior to his appointment, Mr. Lim has been working in several listed companies in Malaysia holding several positions such as Accountant, Group Financial Controller, Head of Internal Audit and Director in a few non-listed companies. Currently, Mr. Lim is an independent director respectively of Petaling Tin Berhad and FACB Industries Incorporated Berhad, both companies listed in Malaysia and are controlled by Tan Sri Dr Chen, the controlling shareholder of the Company.

CORPORATE GOVERNANCE REPORT

The Board of the Company is committed to maintaining a high standard of corporate governance and ensuring integrity, transparency and adequate level of disclosure.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Company's directors (the "Directors"), 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 of Hong Kong Limited (the "Listing Rules") for the financial year ended 31 December 2009.

DIRECTORS' SECURITIES TRANSACTIONS

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 of the Directors in respect of transactions in securities of the Company. 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 under review.

THE BOARD

The Company has a Board with a balanced composition of Executive and Non-Executive Directors to provide for leadership, control and management of the Company's business and affairs. The Board is committed to making decisions objectively in the interests of the Company.

The Board currently consists of two executive Directors namely, Tan Sri Dr Chen Lip Keong (Chief Executive Officer) and Ms. Monica Lam Yi Lin, two non-executive Directors namely, Mr. Timothy Patrick McNally (Chairman) and Mr. Chen Yiy Fon and three independent non-executive Directors namely, Mr. Leow Ming Fong, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Mr. Lim Mun Kee.

Each of the Directors' biographical information is set out under the heading "Board of Directors' Profile" in this report.

Save as the fact that Mr. Chen Yiy Fon is a son of Tan Sri Dr Chen Lip Keong, the Chief Executive Officer, Executive Director and the controlling shareholder of the Company, to the best knowledge of the Directors, there is no financial, business and family or other material/relevant relationship among members of the Board and between the Chairman and the Chief Executive Officer. All of them are free to exercise their independent judgment.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent. All of the independent non-executive Directors have accepted a letter of appointment by the Company and none of them has entered into any service contracts with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Board meets regularly throughout the year as and when necessary. Board minutes with appropriate details are circulated to the Directors for comments within reasonable time after each meeting and are finalized and kept by the company secretary of the Company. Such Board minutes are open for Directors' inspection.

For the financial year ended 31 December 2009, 4 board meetings were held. Details of the attendances of the Board meetings are set out below:

Directors	No. of meetings attended/held
Executive Directors	
Tan Sri Dr Chen Lip Keong *(Chief Executive Officer)*	4/4
Ms. Monica Lam Yi Lin	4/4
Non-Executive Directors	
Mr. Timothy Patrick McNally *(Chairman)*	4/4
Mr. Chen Yiy Fon	3/4
Independent Non-executive Directors	
Mr. Leow Ming Fong	3/4
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	4/4
Mr. Lim Mun Kee	4/4

The Directors may seek independent professional advice as necessary, at the Company's expense, to assist them to discharge their duties. Appropriate and sufficient information is provided to the Directors in a timely fashion to keep them abreast of the Group's latest development.

THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer are separated and assumed by different individuals to ensure a balance of power and authority, so that power is not concentrated in any one individual of the Board. The Chairman, Mr. Timothy Patrick McNally is responsible for overseeing the function of the Board while the Chief Executive Officer, Tan Sri Dr Chen Lip Keong, is responsible for managing the Group's business and overall operations. There is a clear division of responsibilities between the Chairman and Chief Executive Officer.

DELEGATION BY THE BOARD

The Board has established various committees including the Audit Committee, Remuneration Committee, Nomination Committee and AML Oversight Committee, and delegated authority to them for overseeing certain aspects of the Company's affairs. There are clear written terms of reference for the Board Committees and requirements for them to report to the Board regularly on their decisions and recommendations. The day-to-day management of the operations of the Company is delegated to the divisional heads.

AUDIT COMMITTEE

The Company has established written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee consists of three independent non-executive Directors namely, Mr. Leow Ming Fong, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Mr. Lim Mun Kee. The Audit Committee is chaired by Mr. Leow Ming Fong.

The principal responsibilities of the Audit Committee include, amongst others, ensuring the objectivity and credibility of financial reporting and internal control principles as well as maintaining an appropriate relationship with the external auditors of the Company.

For the financial year ended 31 December 2009, 5 Audit Committee meetings were held and details of the attendances of the Audit Committee members are set out below:

Directors	**No. of meetings attended/held**
Independent Non-executive Directors	
Mr. Leow Ming Fong *(Chairman)*	5/5
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	5/5
Mr. Lim Mun Kee	5/5

Mr. Leow Ming Fong acts as the Chairman of the Audit Committee. For the financial year ended 31 December 2009, the Audit Committee had considered, reviewed and/or discussed (1) the auditing and financial reporting matters; (2) the appointment of external auditors including the terms of engagement; (3) the annual and interim financial results; and (4) the reports on the Group's internal control with a focus on anti-money laundering ("AML") issued by an independent professional party. Each member of the Audit Committee has unrestricted access to the external auditors and all senior staff of the Group.

The Audit Committee recommended to the Board that, subject to the approval of the Shareholders at the forthcoming annual general meeting, Messrs. BDO Limited be re-appointed as the external auditors of the Company.

REMUNERATION COMMITTEE

The Company has established written terms of reference for the Remuneration Committee in accordance with the requirements under the Listing Rules. The Remuneration Committee currently consists of Mr. Leow Ming Fong, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, Tan Sri Dr Chen Lip Keong and Mr. Chen Yiy Fon. Tan Sri Dr Chen Lip Keong acts as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior management of the Company and to determine specific remuneration packages of all executive Directors and senior management of the Company and to make recommendations to the Board of the remuneration of non-executive Directors. Such remuneration policy is determined based on the expertise, capability, performance and responsibility of our Directors and senior management. The Remuneration Committee also takes into consideration of factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration. In addition to salaries, we provide staff benefits such as medical insurance and contributions to staff's mandatory provident scheme.

For the financial year ended 31 December 2009, 2 Remuneration Committee meetings were held and details of the attendances of the Remuneration Committee members are set out below:

Directors	**No. of meetings attended/held**
Executive Directors	
Tan Sri Dr Chen Lip Keong *(Chairman)*	2/2
Non-Executive Director	
Mr. Chen Yiy Fon	1/2
Independent Non-executive Directors	
Mr. Leow Ming Fong	2/2
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	2/2
Mr. Lim Mun Kee	2/2

NOMINATION COMMITTEE

The Company has established written terms of reference for the Nomination Committee in accordance with the requirements under the Listing Rules. The Nomination Committee currently consists of Mr. Leow Ming Fong, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, Tan Sri Dr Chen Lip Keong and Mr. Chen Yiy Fon. Tan Sri Dr Chen Lip Keong acts as the Chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee are to review from time to time and as appropriate the structure, size and capability (including the skills, knowledge and experience) of the Board and make recommendations to the Board regarding any proposed changes to the composition of the Board. The Nomination Committee also undertakes to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of such individuals for directorships. The Nomination Committee will take into consideration factors such as qualification, work experiences, and time commitment for recommending suitable candidates to the Board. The Nomination Committee also assesses the independence of independent non-executive Directors and makes recommendations to the Board on relevant matters relating to the appointment or re-appointment of and succession planning for Directors.

For the financial year ended 31 December 2009, 2 Nomination Committee meetings were held and details of the attendances of the Nomination Committee members are set out below:

Directors	No. of meetings attended/held
Executive Directors	
Tan Sri Dr Chen Lip Keong *(Chairman)*	2/2
Non-Executive Director	
Mr. Chen Yiy Fon	1/2
Independent Non-executive Directors	
Mr. Leow Ming Fong	2/2
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	2/2
Mr. Lim Mun Kee	2/2

The Nomination Committee reviewed the composition of the Board during the year under review. The Board passed a resolution to recommend and propose the appointments of Mr. Philip Lee Wai Tuck, as an Executive Director of the Company and Mr. Michael Lai Kai Jin as an Independent Non-executive Director of the Company by the Shareholders in the forthcoming annual general meeting.

Pursuant to the articles of association of the Company, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation such that all Directors should be subject to retirement by rotation at least once every three years.

In accordance with the articles of association of the Company, Tan Sri Dr Chen Lip Keong, Mr. Timothy Patrick McNally shall retire from office by rotation at the forthcoming annual general meeting and will offer themselves for re-election. Ms. Monica Lam Yi Lin will also retire from office by rotation at the forthcoming annual general meeting but will not offer herself for re-election in the forthcoming annual general meeting. Upon conclusion of the forthcoming annual general meeting, Ms. Monica Lam Yi Lin will cease to be a Director of the Company.

INTERNAL CONTROLS

The AML Oversight Committee currently consists of Mr. Timothy Patrick McNally, Mr. Chen Yiy Fon, Mr. Leow Ming Fong and Tan Sri Dr Chen Lip Keong. The principal responsibility of the AML Oversight Committee is to formulate policies and strategies on AML development and implementation programmes as well as to help ensure quality control and to act as an oversight committee on AML matters. Mr. Timothy Patrick McNally acts as the Chairman of the AML Oversight Committee.

The Company has engaged an independent professional party to review internal controls of the Group with a focus on AML for the financial year ended 31 December 2009. The independent professional party performed reviews of the internal controls of the Group and was of the view that, in general, the internal controls of the Group complied with the relevant recommendations of the Financial Action Task Force. For more details, please refer to the heading “Independent Internal Controls Review Report” in this report.

The Company has also engaged another independent professional party to assess the investment risks in Cambodia for the financial year ended 31 December 2009. For more details, please refer to the heading "Independent Review of Investment Risks in Cambodia" in this report.

The Board, through the reviews made by the independent professional parties and the AML Oversight Committee, had reviewed the Group's internal controls and considered them to have been implemented effectively.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group.

The statement of the external auditors of the Company, Messrs. BDO Limited, about their reporting responsibilities on the consolidated financial statements of the Group is set out under the heading "Independent Auditor's Report" in this report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITORS' REMUNERATION

For the financial year ended 31 December 2009, the amounts paid to the external auditors of the Group in respect of the following services provided to the Group are set out below:

	2009
	US$
Audit services	252,000

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to maintaining a continuing open dialogue with its Shareholders through a number of formal communication channels. These include the Annual Report and Accounts, Interim Report and Accounts, and press releases and announcements.

At the annual general meeting of the Company held on 15 May 2009, the Chairman of the Board as well as the chairman of the Audit Committee were present to answer the Shareholders' questions. Separate resolutions were proposed at such general meetings for each substantial issue. Details of the poll voting procedures and the rights of the Shareholders to demand a poll together with details of the proposed resolutions were included in the circular despatched to Shareholders. At the annual general meeting held on 15 May 2009, all the resolutions were dealt with by poll and were duly passed by the Shareholders.

INDEPENDENT REVIEW OF INVESTMENT RISKS IN CAMBODIA

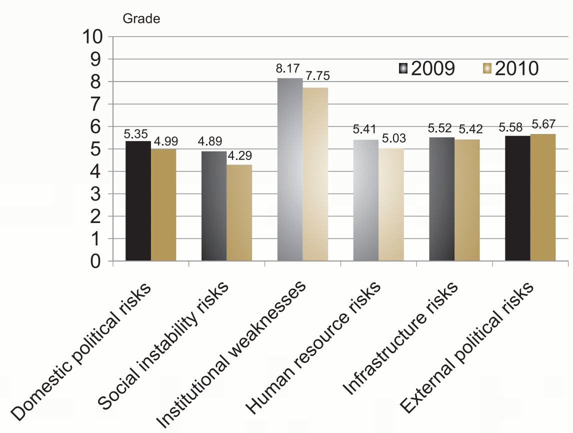
Political and Economic Risk Consultancy, Ltd. ("PERC")
20/F, Central Tower
28 Queen's Road, Central
Hong Kong

TO THE BOARD OF NAGACORP LTD.

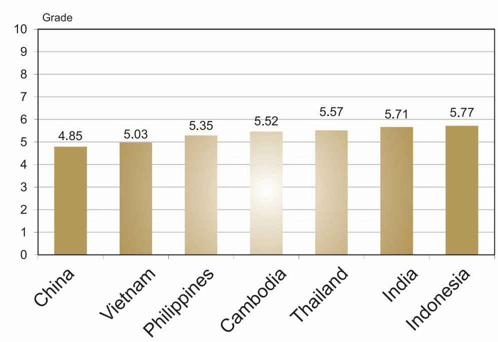
We have assessed and reviewed the political, social, investment and macro-economic risks in Cambodia, particularly as they relate to NagaCorp's casino, hotel and entertainment business operations. In arriving at our findings below, we have taken into account, amongst others, domestic political risks, social instability risks, institutional weaknesses, human resource risks, infrastructure risks and external political risks.

Based on the assessments and reviews carried out in December 2009 and January 2010, we summarised our findings below:

Perceptions of Cambodia's Business Environment Risks



How Perceptions of Cambodian Risks Compare



Grades range from zero to 10, with 0 being the best grade possible and 10 the worst.

We quantify investment risks in Cambodia through the measure of the following variables:

- Domestic political risks
- Social instability risks
- Institutional weaknesses
- Human resource risks
- Infrastructure risks
- External political risks

Each of these variables is itself made up of a number of sub-variables relating to specific aspects of the category being assessed. The weighted sum of the grades for sub-variables equals the score of a broader variable, while the weighted sum of the grades of the broad variables defines overall investment risks in Cambodia. We have treated each variable as having equal importance or weight.

The maximum possible risk rating is 10 while the minimum is 0, being the most favorable grade possible. In PERC's most recent risk survey, in which the overall risk rating was graded 5.52, all major categories of Cambodia's socio-political risks have improved from a year ago with the exception of external risks (due mainly to problems with Thailand). Compared with other developing Asian economies, Cambodia has evolved over the past decade from being a high risk to a moderate-risk country in terms of ranking and risk magnitude.

THE POSITIVE DEVELOPMENTS

- The government has done a fairly good job of steering Cambodia through a particularly difficult global recession. Its fiscal and monetary policies have succeeded in reducing inflation sharply from peak levels hit in 2008 and in keeping the financial system stable in a year when banks elsewhere were shook badly by the fallout from the US financial crisis. The outlook for 2010 is for faster economic growth, including an upturn in tourism inflows. The local real estate sector has stabilized. It experienced a bubble in 2008 that led to a sharp correction in prices in 2009. The bursting of the property bubble was a very positive development.

- In 2009 Vietnam was the one source of tourists to Cambodia that posted a big increase. Conditions in 2010 should improve, with visitors from Vietnam again growing strongly due to liberalization in visa procedures, while visitors from China, Japan and Korea should start to grow again after falling in 2009.

- Beijing has just announced a big increase in assistance to Cambodia, and this should result in more activity in 2010 that not only results in more visitors from China but also increases work in roads, power and other infrastructure that will help to push up Cambodia's overall growth rate to 3%-5%.

- The slowdown in growth in 2009 gave companies the opportunity to focus on training and improving the quality of their labor forces instead of having to keep adding new, inexperienced labor to meet market growth. There was also reduced pressure on wages, and companies had the flexibility they needed to adjust the size of their work force to cope with the weaker conditions – much more so than in places like India and Indonesia. Key labor institutions have matured and a more workable system is now in place for dealing with labor issues.

- One of the bigger changes for the better in Cambodia in recent years has been the improvement in the country's physical infrastructure, particularly its roads, telecommunications and electric power supplies. The physical infrastructure is visibly improved in Phnom Penh, but other parts of the country have benefited too.

- The political environment was stable throughout 2009 and is likely to remain so this year and next. There are no signs that pressure for political change is building. The political opposition is too weak to seriously challenge the government, and there are no other forces – internal or external – that are likely to force an extra-constitutional change in government. As time goes on, the risk of a disruptive political transition is diminishing.

INDEPENDENT REVIEW OF INVESTMENT RISKS IN CAMBODIA

THE CHALLENGES

- Cambodia has serious capacity constraints in terms of skilled manpower and financial limitations. Corruption will remain a problem. A new Anti-corruption Law is likely to be passed soon after years of debate, but its impact on the problem of graft will be limited.

- Although inflation is back under control, another continuing problem will be the high cost of energy. Headway has been made in expanding power generation, but there has not been a move to reduce fuel and electricity pricing – which is as much a matter of official policy as world market trends. Although certain groups in Cambodia benefit from the high prices, it is a major cost deterrent for investors and also interferes with rural development.

- Relations with Thailand have been strained largely because Thailand has been struggling with its internal political problems following a coup in 2006. Some factions have tried to promote their own positions by emphasizing border problems with Cambodia, which aggravate nationalist feelings in Thailand. Since Thailand's internal political problems are unlikely to be resolved in 2010, frictions with Cambodia will continue. However, they are unlikely to escalate to the point where Cambodia's economy is disrupted or tourism inflows – other than from Thailand – are hurt.

- The competition for visitors from Southeast Asian countries will intensify with the opening of new gaming facilities in Singapore, but this will also stimulate the growth of regional travel overall, and Cambodia is well positioned to capture a growing share of this intra-regional travel as its physical infrastructure and marketing capabilities improve.

Robert Broadfoot
Managing Director
PERC

Hong Kong, 9 February 2010

Robert Broadfoot researched and wrote the report on the review on investment risks in Cambodia. Mr. Broadfoot is the founder and Managing Director of Political & Economic Risk Consultancy, Ltd. (PERC). Established in 1976, PERC is headquartered in Hong Kong and engaged principally in the monitoring and auditing of country risks in Asia. From this base, PERC manages a team of researchers and analysts in the ASEAN countries, the Greater China region and South Korea. Over 1,200 corporations and financial institutions worldwide currently use PERC's services to assess key trends and critical issues shaping the region, to identify growth opportunities, and to develop effective strategies for capitalizing on these opportunities.

PERC helps companies understand how politics and other subjective variables are shaping the business environment. Such variables may be difficult to quantify, but nevertheless can have a critical impact on investment performance and therefore have to be factored into the decision-making process, which is the function of PERC's services. PERC's value lies in the organization's experience, its Asian network of seasoned analysts, its emphasis on primary research, its complete independence from any vested interest groups, its pioneering work in the technical aspects of country risk research, its discretion, and its integrated, regional approach to analysis.

INDEPENDENT INTERNAL CONTROLS REVIEW REPORT

Reviews of Internal Controls with a Focus on Anti-Money Laundering

Hill & Associates Ltd.,
2201 – 05 Shell Tower
Times Square,
1 Matheson Street,
Causeway Bay,
Hong Kong

Independent reviews of internal controls with a focus on anti-money laundering

TO THE BOARD OF NAGACORP LTD.

We have conducted independent reviews of the internal controls of NagaCorp Ltd. ("NagaCorp") with a focus on anti-money laundering ("AML") controls. The reviews were conducted in September 2009 and March 2010 for the past year to 31 December 2009.

The reviews focused on internal compliance with Financial Action Task Force ("FATF") recommendations. As part of this exercise, given the previous concerns over the external environment in Cambodia, the team reviewed the 2007 Anti-Money Laundering Law of Cambodia. The H&A assessment is that the Law covers all of the major areas of concern highlighted by FATF and also that Nagacorp is compliant with the Law.

During the course of the review in March 2010, the Hill & Associates team also met with Dr Sum Sannisith, the Assistant Governor of the National Bank of Cambodia, the body responsible for setting up and controlling the Financial Investigation Unit ("FIU"). At this meeting, the development of the FIU and the proactive stance maintained by Nagacorp was described by the Assistant Governor. It was agreed that the H&A team would hold meetings with the FIU members as part of the next review to take place in the second half of 2010.

Our review team noted the development of NagaCorp as a resort destination and the expansion of gaming operations. Whilst management staff turnover remains an issue it is not considered unusual in this industry. Of most importance is the continuity and compliance with FATF recommendations at the operational level. The review team noted positive steps taken by NagaCorp internal compliance staffs to conduct their own reviews and make recommendations for improved compliance in the AML arena.

The review team is satisfied NagaCorp maintains full control of the gaming operations and these operations remain compliant with all relevant FATF recommendations.

The review team found NagaCorp is in full compliance with all relevant FATF recommendations.

David Fernyhough	**John Bruce**
Executive Vice President	Director of Operations (Macau)
Hill & Associates Ltd	Hill & Associates Ltd

Hong Kong, 07 April 2010

Hill & Associates Ltd is an independent security and risk management consultancy with working knowledge of AML and Risk management.

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 31 December 2009.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 February 2003 and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business at NagaWorld Building, South of Samdech Decho Hun Sen's Park, Phnom Penh, Kingdom of Cambodia.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The principal activity of the Group is the operation of a hotel and entertainment complex, NagaWorld, in Cambodia. Other particulars of its subsidiaries are set out in note 17 to the consolidated financial statements. An analysis of the Group's performance for the year by business segment is set out in note 14 to the consolidated financial statements. As the Group's operations are in Phnom Penh, Cambodia, no geographical segment information is presented.

APPLICATION OF IPO PROCEEDS

The net proceeds from the Company's listing on the Main Board of the Stock Exchange were approximately US$94.9 million, after deduction of related expenses. For the year ended 31 December 2009, the balance of net proceeds has been fully utilised for the construction of NagaWorld and general working capital.

MAJOR JUNKET OPERATORS

The information in respect of the Group's revenue and cost of sales attributable to the major junket operators during the financial year is as follows:

	Percentage of the Group's total	
	Revenue	Cost of sales
The largest junket operator	9%	10%
Five largest junket operators in aggregate	29%	45%

To the best knowledge of the Directors, none of the Directors or their associates had any interest in the five largest junket operators for the financial year ended 31 December 2009.

RESULTS

The profit of the Group for the year ended 31 December 2009 are set out in the consolidated financial statements on page 44.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 101.

TRANSFER TO RESERVES

The profit attributable to equity Shareholders of the Company, before dividends, of US$25,468,000 (2008: US$40,010,000) have been transferred to the reserves. Other movements in reserves are set out in note 26 to the consolidated financial statements.

An interim dividend of US cents 0.33 per share (2008: US cents 0.74 per share) was declared in September 2009 and paid in January 2010. The Directors proposed the payment of a final dividend of US cents 0.40 per share (2008: US cents 0.13 per share) for the financial year ended 31 December 2009. The proposed final dividend together with the interim dividend represented a dividend payout ratio of approximately 60%.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the "Articles") and the laws of the Cayman Islands that oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to US$1,064,000 (2008: US$3,641,000) and all of which were donated in Cambodia.

FIXED ASSETS

During the year, the Group acquired fixed assets for approximately US$33.8 million (2008: US$34.8 million). Details of these purchases and other movements in fixed assets are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are disclosed under note 26 to the consolidated financial statements.

REMUNERATION

In compliance with the Code as set out in Appendix 14 to the Listing Rules, the Company has a Remuneration Committee to formulate compensation policies and determine and manage the compensation of the Group's senior management.

REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors and of the Group's senior management are set out in note 9 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report were:

Chairman and Non-executive director:

Timothy Patrick McNally [M]

Executive directors:

Tan Sri Dr Chen Lip Keong [R/M/N]
Monica Lam Yi Lin
Angus Au-Yeung Wai Kai [R/N] (Ceased to be a director on 18 May 2009)

Non-executive director:

Chen Yiy Fon [R/M/N] (Appointed on 18 May 2009)

Independent non-executive directors:

Wong Choi Kay [M] (Ceased to be a director on 18 May 2009)
Zhou Lian Ji (Ceased to be a director on 18 May 2009)
Jimmy Leow Ming Fong [A/R/N/M]
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir [A/R/N]
Lim Mun Kee [A/R/N]

A: Members of Audit Committee
R: Members of Remuneration Committee
N: Members of Nomination Committee
M: Members of Anti-Money Laundering Oversight Committee

Pursuant to Article 87 of the Articles of Association, Monica Lam Yi Lin has to retire at the forthcoming AGM but she does not offer herself for re-election and accordingly will cease to be Director on conclusion of the Annual General Meeting.

Pursuant to Article 87 of the Articles of Association, Mr. Tim Patrick McNally and Tan Sri Dr Chen Lip Keong have to retire at the forthcoming AGM but offer themselves for re-election.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The Directors who held office at 31 December 2009 had the following interests in the shares of the Company at that date as recorded in the register of directors' and chief executives' interests required to be kept under section 352 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)(the "SFO") or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules:

Interests in issued shares

Name of director	Capacity	Number of ordinary shares held	% of total issued ordinary shares
Tan Sri Dr Chen Lip Keong	Interest in control corporation-Cambodian Development Corporation ('CDC") (Note 1)	162,260,443 (L)	7.79(L)
Tan Sri Dr Chen Lip Keong	Beneficiary of a trust in Fourth Star Finance Corp. (Note 2)	735,517,323 (L)	35.33 (L)
Tan Sri Dr Chen Lip Keong	Beneficial owner (Note 3)	415,334,561 (L)	19.95 (L)
		148,000,000 (S) (Note 4)	7.11 (S)

Notes:

(1) Details of interest in the Company held by CDC are set out in the section headed "Substantial Shareholder's and Other Person's Interests and Short Positions in Shares and Underlying Shares" below.

(2) Details of interest in the Company held by Fourth Star Finance Corp. are set out in the section headed "Substantial Shareholder's and Other Person's Interests and Short Positions in Shares and Underlying Shares" below.

(3) Of the 415,334,561 shares of the Company in total in which Tan Sri Dr Chen Lip Keong has an interest, Evolution Master Fund Ltd. SPC, Segregated Portfolio M has security interest over 115,087,775 shares.

(4) Tan Sri Dr Chen Lip Keong issued a guarantee to Yardley Finance Limited in respect of 148,000,000 shares.

(5) The letter "L" denotes the entity's long position in the shares and the letter "S" denotes the entity's short position in the shares.

Save as disclosed above, as at 31 December 2009, none of the directors of the Company had any interests or short positions in the shares of the Company, any of its subsidiaries as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted upon the listing of the Company's shares on the Main Board of the Stock Exchange on 19 October 2006 (the "Share Option Scheme") whereby the directors are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up option to subscribe for shares of the Company. The purpose of the scheme is to attract and retain the best personnel and to provide additional incentives to employees and directors to promote the success of the Group.

The Company did not grant any share options during the year and there are no outstanding share options at the year end.

Apart from the foregoing, at no time during the year was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors or the chief executives of the Company are aware of, as at 31 December 2009, the Shareholders, other than the Directors or the chief executives of the Company, who had an interest or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 in Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Substantial shareholders	Capacity	Number of ordinary shares held	% of total issued ordinary shares
Cambodian Development Corporation (Note 1)	Beneficial owner	162,260,443(L)	7.79(L)
Fourth Star Finance Corp (Note 1 & 2)	Trustee	735,517,323(L)	35.33(L)
Evolution Capital Management, LLC (Note 3)	Investment manager	237,647,767 (L)	11.41(L)
Evolution Master Fund, Ltd. SPC, Segregated Portfolio M (Note 3)	Beneficial owner Security Interest Other Interest	83,314,108(L) 154,333,659(L) 11,000,000(L)	4.00(L) 7.41(L) 0.53(L)
Evo Capital Management Asia Limited	Investment Manager	248,647,767(L)	11.94(L)
Structure Investments, Ltd.	Other interest	248,647,767(L)	11.94(L)
Citigroup Inc.	Security Interest	156,040,013(L)	7.49(L)
Fortis Intertrust Agency & Escrow Pte. Ltd	Security interest	719,505,474 (L)	34.56(L)
CarVal GVF GP L.P (Note 4)	Interests of controlled corporations	308,359,490(L)	14.81(L)
Yardley Finance Limited (Note 5)	Security Interest	148,000,000(L)	7.11(L)
Chan Kin Sun (Note 5)	Interest of controlled corporations	148,000,000(L)	7.11(L)

Note:

(1) The beneficial owner of Cambodian Development Corporation and Fourth Star Finance Corp is Tan Sri Dr Chen Lip Keong.

(2) Fourth Star Finance Corp. is the trustee of a trust to which Tan Sri Dr Chen Lip Keong is a beneficiary.

(3) Evolution Capital Management, LLC is the investment manager of Evolution Master Fund, Ltd. SPC, Segregated Portfolio M.

(4) CarVal GVF GP L.P., through its wholly-owned and non wholly-owned subsidiaries, is interested in 308,359,490 shares of the Company.

(5) Mr. Chan Kin Sun, through Yardley Finance Limited, is interested in 148,000,000 shares.

(6) The letter "L" denotes the entity's long position in the shares.

Save as disclosed above and so far as the Directors and the chief executives of the Company are aware of, as at 31 December 2009, no other party (other than the Directors or the chief executives of the Company) had an interest or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 in Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Other than as disclosed under the section "Connected Transactions" below, no contracts of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director had a material interest, subsisted at the end of the year or at any time during the year.

PROPERTIES

Particulars of the major properties and property interests of the Group are shown under note 15 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year there were no purchases, sales or redemptions by the Company, or any subsidiaries, of the listed securities of the Company.

CONNECTED TRANSACTIONS

During 2009, the Company entered into (or continued to be party to) certain transactions with First Travel & Tours (M) Sdn Bhd ("FTT"), Karambunai Resorts Sdn Bhd ("KRSB"), Karambunai Corp Bhd and One Travel and Tours Limited ("One Travel"). FTT and One Travel have been providing air ticketing and travel booking services to the Group, primarily in relation to travels between Cambodia and other parts the South East Asia. KRSB has provided accommodation and facilities in Malaysia for the use of the Group. Karambunai Corp Bhd and/or its subsidiary have entered into lease agreements with the Group for renting an office space in Malaysia and taking up an office space in Hong Kong. Tan Sri Dr Chen Lip Keong is a controlling shareholder of all these four companies and therefore is considered as a connected person.

Although these transactions were "connected transactions" as defined in the Listing Rules, all of them were either sharing of administrative services or de minimis transactions respectively exempted under Rule 14A.33(3) of the Listing Rules from all reporting, announcement and independent shareholders' approval requirements.

MATERIAL RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken in normal courses of business by the Group are set out in note 32 to the consolidated financial statements. Those related party transactions which constituted connected transactions under Chapter 14A of the Listing Rules have complied with the disclosure requirements thereon.

AUDITOR

BDO McCabe Lo Limited has changed its name to BDO Limited. Accordingly, the independent auditor's report is now signed under the new name.

BDO Limited acted as auditor of the Company and audited the Group's consolidated financial statements for the financial year ended 31 December 2009.

By order of the board

Timothy Patrick McNally
Chairman
Hong Kong, 9 February 2010

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NAGACORP LTD.
(Incorporated in the Cayman Islands with limited liability)

We have audited the accompanying consolidated financial statements of NagaCorp Ltd. (the "Company") and its subsidiaries (collectively the "Group") set out on pages 52 to 100, which comprise the consolidated and the Company's statements of financial position as at 31 December 2009, the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with our terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NAGACORP LTD.

(Incorporated in the Cayman Islands with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as of 31 December 2009, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Tony Yuk Tung Chan
Practising Certificate Number P04654

Hong Kong, 9 February 2010

CONSOLIDATED STATEMENT OF INCOME

for the year ended 31 December 2009
(Expressed in United States dollars)

	Note	**2009**	2008
		$'000	$'000
Revenue	6	**117,770**	193,485
Cost of sales		**(46,531)**	(105,501)
Gross profit		**71,239**	87,984
Other income	7	**774**	2,558
Administrative expenses		**(17,162)**	(24,324)
Other operating expenses		**(27,260)**	(24,255)
Profit before taxation	8	**27,591**	41,963
Income tax	10	**(2,123)**	(1,953)
Profit attributable to equity shareholders of the Company	11	**25,468**	40,010
Earnings per share (US cents)	13	**1.23**	1.93

The notes on pages 52 to 100 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009
(Expressed in United States dollars)

	2009	2008
	$'000	$'000
Profit for the year	**25,468**	40,010
Other comprehensive income for the year		
Exchange adjustments	**31**	(76)
Total comprehensive income attributable to equity shareholders of the Company for the year	**25,499**	39,934

The notes on pages 52 to 100 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2009

(Expressed in United States dollars)

	Note	**2009**	2008
		$'000	$'000
Non-current assets			
Property, plant and equipment	15(a)	**149,410**	122,560
Interest in leasehold land held for own use under operating lease	15(a)	**647**	655
Intangible assets	16	**91,030**	94,577
Trade receivables	18	**4,091**	—
		245,178	217,792
Current assets			
Consumables	19	**281**	186
Trade and other receivables	18	**47,081**	65,795
Deposit payments for purchase of raw materials	20	**1,228**	1,239
Cash and cash equivalents		**14,987**	9,627
Fixed deposit at bank	21	**4,000**	—
		67,577	76,847
Current liabilities			
Trade and other payables	23	**15,748**	22,334
Dividend payable		**6,917**	—
Current tax liability		**240**	—
Obligations under finance leases	24	**2**	2
Provisions	25	**2,096**	2,096
		25,003	24,432
Net current assets		**42,574**	52,415
Total assets less current liabilities		**287,752**	270,207
Non-current liabilities			
Obligations under finance leases	24	**4**	7
NET ASSETS		**287,748**	270,200

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2009

(Expressed in United States dollars)

	Note	**2009**	2008
		$'000	$'000
CAPITAL AND RESERVES	26		
Share capital		**26,026**	25,855
Reserves		**261,722**	244,345
TOTAL EQUITY		**287,748**	270,200

Approved and authorised for issue by the Board on 9 February 2010

Timothy Patrick McNally
Chairman

Tan Sri Dr Chen Lip Keong
Chief Executive Officer

The notes on pages 52 to 100 form part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

(Expressed in United States dollars)

	Note	2009	2008
		$'000	$'000
Non-current assets			
Property, plant and equipment	15(b)	**289**	343
Investment in subsidiaries	17	**15,500**	15,500
		15,789	15,843
Current assets			
Trade and other receivables	18	**201,935**	194,257
Cash and cash equivalents		**18**	5,842
		201,953	200,099
Current liabilities			
Trade and other payables	23	**7,685**	11,986
Dividend payable		**6,917**	—
		14,602	11,986
Net current assets		**187,351**	188,113
NET ASSETS		**203,140**	203,956
CAPITAL AND RESERVES	26		
Share capital		**26,026**	25,855
Reserves		**177,114**	178,101
TOTAL EQUITY		**203,140**	203,956

Approved and authorised for issue by the Board on 9 February 2010

Timothy Patrick McNally
Chairman

Tan Sri Dr Chen Lip Keong
Chief Executive Officer

The notes on pages 52 to 100 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009
(Expressed in United States dollars)

	Note	Share capital	Share premium	Merger reserve	Capital contribution reserve	Exchange reserve	Retained profits	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2008		25,938	134,892	(12,812)	55,568	124	58,858	262,568
Changes in equity during the year 2008:								
Repurchase and cancellation of shares		(83)	(878)	–	–	–	–	(961)
Dividend paid		–	–	–	–	–	(31,341)	(31,341)
Total comprehensive income for the year		–	–	–	–	(76)	40,010	39,934
Balance at 31 December 2008 and 1 January 2009		**25,855**	**134,014**	**(12,812)**	**55,568**	**48**	**67,527**	**270,200**
Changes in equity during the year 2009								
Issue and allotment of scrip shares		171	1,484	–	–	–	–	1,655
Dividend declared	12	–	–	–	–	–	(9,606)	(9,606)
Total comprehensive income for the year		–	–	–	–	31	25,468	25,499
Balance at 31 December 2009		**26,026**	**135,498**	**(12,812)**	**55,568**	**79**	**83,389**	**287,748**

The notes on pages 52 to 100 form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2009
(Expressed in United States dollars)

	2009	2008
	$'000	$'000
Operating activities		
Profit before taxation	**27,591**	41,963
Adjustments for:		
– Depreciation and amortisation	**6,754**	3,748
– Amortisation of casino licence premium	**3,547**	3,547
– Interest income	**(3)**	(454)
– Exchange loss/(gain), net	**69**	(130)
– Impairment loss on trade receivables	**1,609**	2,210
– Gain on disposal of property, plant and equipment	**(2)**	(18)
– Write off of property, plant and equipment	**127**	4
– Reversal of accruals of other tax and contingencies	**(607)**	—
– Forfeiture of gaming deposit received	**—**	(1,908)
– Provision for unsettled gaming chips	**—**	940
Operating profit before changes in working capital	**39,085**	49,902
Increase in consumables	**(95)**	(134)
Decrease/(Increase) in trade and other receivables	**13,014**	(34,552)
(Decrease) /Increase in trade and other payables	**(5,967)**	2,185
Cash generated from operations	**46,037**	17,401
Tax paid	**(1,922)**	(1,953)
Net cash generated from operating activities	**44,115**	15,448
Investing activities		
Interest received	**3**	454
Payment for the purchase of property, plant and equipment and for the construction cost of property	**(33,754)**	(30,290)
Proceeds from disposal of property, plant and equipment	**33**	90
Addition of fixed deposit at bank	**(4,000)**	—
Net cash used in investing activities	**(37,718)**	(29,746)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2009
(Expressed in United States dollars)

	2009	2008
	$'000	$'000
Financing activities		
Repurchase of shares of the Company	—	(961)
Issue and allotment of scrip shares	1,655	—
Dividend paid	(2,689)	(31,341)
Repayment of finance leases	(3)	(2)
Net cash used in financing activities	(1,037)	(32,304)
Net increase / (decrease) in cash and cash equivalents	5,360	(46,602)
Cash and cash equivalents at beginning of year	9,627	56,229
Cash and cash equivalents at end of year	14,987	9,627
Analysis of cash and cash equivalents		
– Cash and bank balances	14,987	9,627

The notes on pages 52 to 100 form part of these consolidated financial statements.

(Expressed in United States dollars)

1 GENERAL

The Company is a company incorporated in the Cayman Islands and has its principal place of business at NagaWorld, South of Samdech Decho Hun Sen Park, Phnom Penh, Kingdom of Cambodia. Its shares are listed on the Main Board of the Stock Exchange.

The Company is engaged in investment holding while the Group is engaged principally in the management and operation of a hotel and casino complex known as NagaWorld in Phnom Penh, the capital city of Cambodia.

2 ADOPTION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Impact of new amendments and interpretations which are effective during the year

In the current year, the Group has applied, for the first time, the following amendments and new interpretations issued by the International Accounting Standards Board (the "IASB") that are effective for the current accounting period of the Group and of the Company.

IFRSs (Amendments)	Improvements to IFRSs issued in 2008, except for the amendment to IFRS 5 that is effective for annual periods beginning on or after 1 July 2009
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 in relation to the amendment to paragraph 80 of IAS 39
IAS 1 (Revised)	Presentation of Financial Statements
IAS 23 (Revised)	Borrowing Costs
IAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 1 and IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Vesting Conditions and Cancellations
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IFRIC – Interpretation 9 and IAS 39 (amendments)	Embedded Derivatives
IFRIC – Interpretation 13	Customer Loyalty Programmes
IFRIC – Interpretation 15	Agreements for the Construction of Real Estate
IFRIC – Interpretation 16	Hedges of Net Investment in a Foreign Operation
IFRIC – Interpretation 18	Transfers of Assets from Customers

2 ADOPTION OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The IFRIC – Interpretation 13 has had no material impact on the Group's consolidated financial statements as the policies adopted by the Group are consistent with the interpretation. The impact of the remainder of these developments on the Group's consolidated financial statements is not significant except for the following:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measure reported to the Group's chief operating decision maker for the purpose of assessing segment performance and making decision about operating matters. The impact from such adoption is not significant due to the non-complex nature of business of the Group (see note 14). As this is the first year in which the Group has presented segment information in accordance with IFRS 8, additional explanation has been included in these financial statements which explains the basis of preparation of the information. Corresponding amounts have also been provided on a basis consistent with the revised segment information.
- As a result of adoption of IAS 1 (Revised), there are certain presentational changes. Comparative figures have been restated or included in these financial statements in order to achieve a consistent presentation. The statements of financial position, previously known as balance sheets, at the beginning of the year of 2008 have not been presented as there were no changes to the originally published statements.

The Group has not applied any amendments, new or revised standards or interpretations that are issued but not yet effective for the current accounting period (note 34).

However, the Directors anticipate that the application will have no material impact on the consolidated financial statements.

3 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as "IFRS") issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, 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 judgements 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 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 areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 35.

The consolidated financial statements are presented in United States dollars, which is the functional currency of the Company.

4 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and of its subsidiaries.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders, if any, is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

In the Company's statement of financial position, investment in subsidiaries is stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements.

4 PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment

(i) Owned assets

The following items of property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 4(h)).

— buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 4(p)); and

— other items of property, plant and equipment.

Capital work-in-progress is stated at specifically identified cost, including aggregate cost of development, materials and supplies, wages and other direct expenses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged as expenses in profit or loss during the financial period in which they are incurred.

(ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	50 years
Renovations, furniture and fittings	5 - 10 years
Motor vehicles	5 years
Plant and equipment	5 - 10 years

No depreciation is provided for capital work-in-progress.

4 PRINCIPAL ACCOUNTING POLICIES (continued)

(c) Intangible assets

Acquired intangible assets - Casino licence premium

The premium paid for the licence, and related exclusivity periods, to operate the casino in Phnom Penh is stated at cost less accumulated amortisation and impairment losses (see note 4(h)).

Amortisation is charged to profit or loss on a straight-line basis over the period of exclusivity of the licence.

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (see note 4(h)).

(d) Consumables

Consumables comprising food and beverage, diesel and sundry store items are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition. Cost is determined principally on a weighted average basis. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(e) Financial assets

The Group classifies its financial assets as trade and other receivables, which are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Trade and other receivables (including amounts due from subsidiaries) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

4 PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Financial assets (continued)

(i) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— granting concession to a debtor because of debtors' financial difficulty; or

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

4 PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Trade and other payables

Trade and other payables (including amounts due to subsidiaries and related parties) are initially recognised at fair value net of directly attributable transaction costs incurred, and thereafter stated at amortised cost using the effective interest method. The related interest expense is recognised within "finance costs" in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(ii) Derecognition

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(g) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at their present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4 PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— intangible assets; and

— investment in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4 PRINCIPAL ACCOUNTING POLICIES (continued)

(i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The income tax in respect of the gaming and hotel operations of the Company's subsidiary, NWL, represents obligation payments ("Obligation Payments") (refer to note 10(a)).

(j) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(k) Commissions and incentives

Commissions and incentive expenses represent amounts paid and payable to operators, and are included in cost of sales when incurred by the Group.

4 PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement scheme

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement scheme and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice models, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(m) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at exchange rates ruling at the end of reporting period. Foreign currency transactions during the year are translated into United States dollars at the exchange rates ruling at the transaction dates. The results of foreign entities are translated into United States dollars at the average exchange rates for the year; items in the statement of financial position are translated into United States dollars at the rates of exchange ruling at the end of reporting period. The resulting exchange differences are dealt with as other comprehensive income. All other translation differences are included in profit or loss.

The functional currency of the group entities has been determined as United States dollars rather than Cambodian Riel, the domiciled currency in the relation to the Group's operation, on the basis that the gaming and other operation transactions are undertaken in United States dollars.

4 PRINCIPAL ACCOUNTING POLICIES (continued)

(n) Dividends

Interim dividends are recognised as a liability in the period in which they are declared and final dividends are recognised as a liability when shareholders' approval has been obtained.

(o) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediates, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the party is subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent or a close family member of such an individual or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence or be influenced by, that individual in their dealings with the entity.

4 PRINCIPAL ACCOUNTING POLICIES (continued)

(p) Leased assets

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being under finance leases. All other leases are classified as operating leases.

(i) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present values of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets in equal annual amounts over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 4(b)(ii). Impairment losses are accounted for in accordance with the accounting policy as set out in note 4(h). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Prepaid land lease

Interest in leasehold land held for own use under operating lease is amortised in equal instalments over the period of the respective leases.

4 PRINCIPAL ACCOUNTING POLICIES (continued)

(q) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Casino revenue represents net house takings arising from casino operations and is recognised in profit or loss when the stakes are received by the casino and the amounts are paid out to the players.

(ii) Income from operating lease for the provision and maintenance of gaming machine stations which comprise a minimum profit share and fixed payments from gaming machine operations where third parties provide and maintain the gaming machine stations is recognised in profit or loss in equal instalments over the period of the contract, and any additional revenue relating to profit share arrangements are recognised when the right to receive such amounts is ascertained.

(iii) Income from restaurant represents revenue from the provision of food and beverages and is recognised when the service is provided.

(iv) Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant leases.

(v) Interest income is recognised as it accrues using the effective interest method.

5 CASINO LICENCE

Pursuant to the terms of the Sihanoukville Development Agreement ("SDA"), Supplemental Sihanoukville Development Agreement ("SSDA") and the Addendum Agreement, the terms of the casino licence were varied and the salient terms of the Casino Licence are as follows:

(a) Duration of licence

The Casino Licence is an irrevocable licence with a duration of 70 years from 2 January 1995. The SSDA also states that should The Cambodian Government, for any reason, terminate or revoke the licence at any time before its expiry, it will pay Ariston, a subsidiary of the Company, the amount of monies invested in the business as agreed investment cost and additional mutually agreed damages for the termination and/or revocation of the Casino Licence at any time before the expiry of the period.

5 CASINO LICENCE (continued)

(b) Exclusivity

Ariston has the right of exclusivity in respect of 200 kilometres of Phnom Penh (except the Cambodia-Vietnam Border Area, Bokor, Kirirom Mountains and Sihanoukville) (the "Designated Area") for the period to the end of 2035. During this period, the Cambodian Government is prohibited from:

— authorising, licensing or approving the conduct of casino gaming within the Designated Area;

— entering into any written agreement with any party with respect to casino gaming within the Designated Area; and

— issuing or granting any other casino licence.

The SSDA also states that the Cambodia Government will pay Ariston mutually agreed damages if it terminates or revokes its exclusivity rights at any time prior to the expiry of the period.

(c) Casino complex

Ariston has the right to locate the casino at any premises or complex within the Designated Area and is entitled to operate such games and gaming machines at its own discretion without the need for any approval from the Cambodian Government. There are no restrictions relating to the operating hours of the casino.

6 REVENUE

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

	2009	2008
	$'000	$'000
Casino operations	77,932	187,901
Income from gaming machine stations	34,298	3,070
Other operations (note)	5,540	2,514
	117,770	193,485

Note: Revenue from other operations comprises income from food and beverage outlets, hotel complex, spa and others.

7 OTHER INCOME

	2009	2008
	$'000	$'000
Interest income	3	454
Rental income	132	156
Forfeiture of gaming deposits received	—	1,908
Reversal of accruals of other tax and contingencies	607	—
Others	32	40
	774	2,558

8 PROFIT BEFORE TAXATION

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

	2009	2008
	$'000	$'000
(a) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	16,884	17,085
Contributions to defined contribution retirement scheme	6	5
Total staff costs	16,890	17,090
Average number of employees (Full-time equivalent)	3,187	2,753
(b) Other items:		
Auditor's remuneration		
– Current year	200	226
– Under-provision for prior year	52	41
– Over-provision for prior year	—	(1)
Fuel expenses	4,735	4,844
Reimbursement of other taxes (note)	(530)	(20)
Amortisation of casino licence premium charged to other operating expenses	3,547	3,547
Depreciation and amortisation	6,754	3,748
Impairment loss on trade receivables	1,609	2,210
Write-off of property, plant and equipment	127	4
Gain on disposal of property, plant and equipment	(2)	(18)
Operating lease charges for land lease rental	187	187
Operating lease charges for office and car park rental	286	286
Operating lease charges for hire of equipment	1,563	945
Exchange loss/(gain), net	69	(130)

Note: Other taxes relate to salary taxes, fringe benefit taxes and withholding taxes.

9 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT REMUNERATION

(a) Directors' remuneration

The remuneration of the Company's directors is as follows:

	Annual performance bonus	Fees	Basic salaries, allowances and benefits in kind	Retirement scheme contributions	2009 Total
	$'000	$'000	$'000	$'000	$'000
Executive directors					
Tan Sri Dr Chen Lip Keong	—	—	240	—	240
Monica Lam Yi Lin	—	—	66	2	68
Angus Au-Yeung Wai Kai [(1)]	—	—	68	1	69
Non-executive directors					
Timothy Patrick McNally	—	170	—	—	170
Chen Yiy Fon [(2)]	—	—	68	—	68
Independent non-executive directors					
Wong Choi Kay [(1)]	—	10	—	—	10
Zhou Lian Ji [(1)]	—	12	—	—	12
Jimmy Leow Ming Fong	—	26	—	—	26
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	—	26	—	—	26
Lim Mun Kee	—	26	—	—	26
Total	—	270	442	3	715

9 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT REMUNERATION (continued)

(a) Directors' remuneration (continued)

	Annual performance bonus	Fees	Basic salaries, allowances and benefits in kind	Retirement scheme contributions	2008 Total
	$'000	$'000	$'000	$'000	$'000
Executive directors					
Tan Sri Dr Chen Lip Keong	880	—	240	—	1,120
David Martin Hodson	—	—	86	—	86
Monica Lam Yi Lin	—	—	66	2	68
Angus Au-Yeung Wai Kai	—	—	134	2	136
Non-executive director					
Timothy Patrick McNally	—	223	—	—	223
Independent non-executive directors					
Wong Choi Kay	—	26	—	—	26
Zhou Lian Ji	—	45	—	—	45
Jimmy Leow Ming Fong	—	26	—	—	26
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	—	26	—	—	26
Lim Mun Kee	—	26	—	—	26
Total	880	372	526	4	1,782

Notes:

(1) Ceased to be a director on 18 May 2009

(2) Appointed as director on 18 May 2009

There was no arrangement under which a director had waived or agreed to waive any remuneration during the current and prior years.

9 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT REMUNERATION (continued)

(a) Directors' remuneration (continued)

Tan Sri Dr Chen Lip Keong is entitled to an annual performance bonus based on the Group's consolidated profit before taxation and before the annual performance bonus ("PBT") as reported in the consolidated financial statements which shall be paid within one month of the approval of the consolidated financial statements. The performance bonus is calculated in accordance with the following formula:

Less than $30 million PBT	:	$Nil performance bonus
Between $30 million to $40 million PBT	:	performance bonus of 2% of PBT
More than $40 million but up to and including $50 million	:	performance bonus of $0.8 million plus 3% of additional portion of PBT from $40,000,001 to $50,000,000
More than $50 million	:	performance bonus of $1.1 million plus 5% of additional portion of PBT from $50,000,001 onwards

No PBT is entitled for Tan Sri Dr Chen Lip Keong for the year ended 31 December 2009 (2008: $0.9 million).

(b) Senior management remuneration

Of the five individuals with highest emoluments, two (2008: two) are directors whose emoluments are disclosed in note 9(a). The aggregate of the emoluments in respect of the three individuals for the year ended 31 December 2009 (2008: three) are as follows:

	2009	2008
	$'000	$'000
Basic salaries, housing and other allowances and benefits in kind	503	576

The emoluments of the three individuals (2008: three) with the highest emoluments are within the following bands:

	2009	2008
	Number of individuals	Number of individuals
$Nil - $128,200 (approximately HK$Nil – HK$1,000,000)	—	1
$128,201 - $192,300 (approximately HK$1,000,001 – HK$1,500,000)	2	—
$192,301 - $256,400 (approximately HK$1,500,001 – HK$2,000,000)	1	2
	3	3

10 INCOME TAX

Income tax in profit or loss represents:

	2009	2008
	$'000	$'000
Current tax expense		
– Current year	2,162	1,953
– Over-provision in prior year	(39)	—
	2,123	1,953

Reconciliation between tax expense and accounting profit at applicable tax rate:

	2009	2008
	$'000	$'000
Profit before taxation	27,591	41,963
Profits tax using Cambodian corporation tax rate of 20% (2008: 20%)	5,518	8,393
Tax exempt profits from Cambodian operations (note (a))	(5,518)	(8,362)
Obligation Payments (note (a))	2,162	1,922
Over-provision in prior year	(39)	—
	2,123	1,953

10 INCOME TAX (continued)

Notes:

(a) Income tax in profit or loss

Income tax represents Obligation Payments of $180,202 (2008: $160,180) per month payable to the Ministry of Economy and Finance (the "MOEF") of Cambodia by NWL Gaming Branch as explained below, and over-provision for minimum profits tax in prior year of $39,827 (2008: provision of $30,553) by NWL Hotel and Entertainment Branch. Both branches are registered under the name of NWL in Cambodia.

(i) Casino tax and licence fees

As described in note 5, under the SDA and the SSDA dated 2 January 1995 and 2 February 2000 respectively, the Cambodian Government has granted a casino licence to a subsidiary, Ariston, which in turn assigned the rights to operate gaming activities in Cambodia to NWL.

Pursuant to the SDA, Ariston was granted certain tax incentives in respect of the casino operations which include a profits tax exemption for a period of eight years from commencement of business, and profits thereafter would be subject to a concessionary rate of profits tax of 9% as compared to the normal profits tax rate of 20%. Ariston, in turn, has assigned to NWL all the tax incentives that were granted to Ariston pursuant to the SDA and SSDA relating to the gaming operations. The assignment of these tax incentives was confirmed by the Senior Minister, Minister in charge of the Council of Ministers, in a letter dated 20 November 2000.

It was contemplated by the SSDA that the gaming business of NWL would be regulated by a Casino Law which may prescribe casino taxes and licence fees. However, no Casino Law in respect of casino taxes or licence fees has been promulgated to-date. NWL has obtained a legal opinion that no casino taxes and licence fees are payable until the relevant legislation is enacted.

In May 2000, the MOEF levied an Obligation Payment of $60,000 per month on NWL Gaming Branch payable from January 2000 to December 2003, in respect of the gaming activities. The MOEF has also confirmed that gaming taxes and licence fees are not payable in respect of periods prior to January 2000. NWL has also obtained a legal opinion confirming that the Obligation Payment is not payable prior to January 2000. Since December 2003, the MOEF has been revising the Obligation Payment every year, and for the year ended 31 December 2009, the Obligation Payments became $180,202 per month.

Such payments will be subject to an annual increase of 12.5% thereafter until the full completion of NagaWorld. On 24 December 2007, the MOEF revised the terms of the increase in Obligation Payment with NWL and agreed a 12.5% annual increase for a period of seven years to 2013.

In addition, the MOEF has levied a casino taxation certificate fee amounting to $30,000 per year payable from year 2004 onwards. However, the MOEF in their letter dated 12 November 2004 acknowledges that under the SDA and SSDA, the Casino Licence is valid for 70 years.

Monthly payments for the Obligation Payment are due on the first week of the following month. In the event of late payment within 7 days from the due date, there will be a penalty of 2% on the late payment and interest 2% per month. In addition, after 15 days when official government notice is issued to NWL for the late payment an additional penalty of 25% will be imposed.

On 16 November 2006, NWL received a letter from the MOEF clarifying the terms of payment of the gaming Obligation Payment to the Cambodian Government. In respect of gaming tax, NWL Gaming Branch shall continue to pay its Obligation Payment, which is subject to an annual increase of 12.5% for a period of seven years until year 2013 which, the MOEF mentions, is a period for NWL to complete the construction of its casino and other associated activities. From year 2014 onwards, the gaming Obligation Payment shall be reviewed on the basis of the "actual position" of NWL.

On 23 September 2008, NWL received a letter from the MOEF regarding the extension of the terms of payment of the gaming Obligation Payment. In respect of gaming tax, NWL Gaming Branch was granted the extension for an additional period of five years up until 2018, the payment of which was subject to annual increase of 12.5% per annum.

10 INCOME TAX (continued)

Notes: (continued)

(a) Income tax in profit or loss (continued)

(ii) Corporate and other taxes on gaming activities

Current tax expense represents Obligation Payments for NWL Gaming Branch and NWL Hotel and Entertainment Branch as explained above.

NWL Gaming Branch enjoys certain tax incentives relating to gaming activities which were granted by the Cambodian Government as stipulated in the SDA and SSDA, including exemption from corporate tax for eight years. Further tax incentives and extension of the corporate tax exemption period to December 2004 were granted to NWL, as set out in the letters from the MOEF dated 10 May 2000, 15 September 2000 and 30 November 2000. Tax incentives granted to NWL up to December 2005 include exemptions from all categories of taxes in respect of gaming activities including advance profits tax, dividend withholding tax, minimum profits tax, value-added tax and revenue tax, and exemptions from unpaid fringe benefits tax and withholding tax prior to 31 December 1999.

NWL has further obtained a clarification letter from the MOEF dated 24 February 2003 confirming exemption from salary tax for its gaming employees prior to January 2000.

As explained in note 10(a)(i) above in respect of gaming activities, NWL has to pay the Obligation Payment. The MOEF confirmed, in a letter to NWL dated 15 September 2000, to clarify that the Obligation Payment is a fixed gaming tax and with the payment of this fixed gaming tax, NWL will be exempted from all category of taxes on gaming activities including advance profits tax, minimum tax and advance tax on distribution of dividends. NWL, however, is obliged to pay taxes on other non-gaming services and activities payable under the Law of Taxation (the “LoT”) of Cambodia.

Furthermore, the Senior Minister of the Council of Minister of the MOEF in a circular to all casinos dated 7 December 2000 clarified that with the payment of the Obligation Payment on gaming activities, companies will be exempted from the profits tax, minimum tax, advance tax on dividend distribution and value-added tax.

A legal opinion has also been obtained confirming that NWL will be exempt from the aforementioned taxes subject to the Obligation Payments being made.

With the imposition of the Obligation Payment or fixed gaming tax currently imposed, no Casino Law in respect of casino taxes and licence fees have been promulgated and together with the tax incentives mentioned in the SDA and SSDA that NWL would enjoy a concessionary rate of profits tax of 9% after the tax exemption period has expired, it is uncertain what applicable rate of tax will be imposed on the profits of NWL from gaming activities in the future when the Casino Law is eventually promulgated.

In July 2002, the MOEF imposed a non-gaming Obligation Payment on NWL in respect of tax on non-gaming activities of a fixed sum of $30,500 per month for the six months ended 31 December 2002. Subject to annual revision, the MOEF revised the non-gaming obligation payment to $49,658 per month for the year ended 31 December 2009. The monthly rate of non-gaming Obligation Payment will be reviewed annually.

The above non-gaming Obligation Payment is considered as a composite of various other taxes such as salary tax, fringe benefit tax, withholding tax, value-added tax, patent tax, tax on rental of moveable and unmoveable assets, minimum tax, advance profit tax, advertising tax and specific tax on entertainment services which are included in administrative expenses in profit or loss. The non-gaming Obligation Payment is due to be paid monthly and in the event of default in payment, the penalties and interest imposed are similar to those applicable to the gaming Obligation Payment as stated in note 10(a)(i) above.

(iii) Other jurisdictions

The Group is not subject to Hong Kong, Malaysian or Cayman Islands income taxes for the current and prior years.

10 INCOME TAX (continued)

Notes: (continued)

(b) Taxes on other businesses

Profits from NWL's operations in Cambodia, other than NWL Gaming Branch and NWL Hotel and Entertainment Branch, are subject to normal profits tax of 20%. Revenue from other operations of NWL in Cambodia is subject to value- added tax of 10%.

(c) Amendment to the Law on Investment and Law of Taxation

Certain amendments to the existing Law on Investment ("LoI") and LoT of Cambodia were promulgated in March 2003.

Under the amendments made to the LoI, profits tax exemption would be preserved for the term granted under the original investment incentives, and the concessionary 9% profits tax rate will be restricted to five years from the expiry of the tax exemption period and thereafter profits would be subject to the normal tax rate of 20%.

Under the previous LoT, dividends can be distributed to shareholders without further withholding taxes. For entities that enjoy profits tax exemption or a concessionary profits tax rate of 9%, the amendments to the LoT will impose an additional tax that effectively increases the profits tax rate to 20%, upon the distribution of dividends. In addition, under the amendments made to the LoT, distribution of dividends to non-residents will be subject to a withholding tax on the distribution net of 20% tax at a rate of 14%, resulting in a net distribution tax of 31.2%.

As explained above, the Casino Law in respect of casino taxes and licence fees is yet to be promulgated. NWL has written a letter to the MOEF to clarify whether the amendments of the LoI and LoT will apply to their gaming business and has received a reply dated 9 June 2003 that the amendments of the LoI and LoT do not apply to casinos as they will be regulated by the Casino Administration Law which is yet to be enacted. However, the amendments to the LoI and LoT will apply to NWL Hotel and Entertainment Branch.

(d) Deferred taxation

No provision for deferred taxation has been recognised as there is no significant temporary difference at the end of reporting period.

11 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of $7,135,000 (2008: $25,255,000) which has been dealt with in the financial statements of the Company.

12 DIVIDENDS PAYABLE TO EQUITY SHAREHOLDERS OF THE COMPANY ATTRIBUTABLE TO THE YEAR

	2009	2008
	$'000	$'000
Interim dividend declared during the year:		
2009: US cents 0.33 per ordinary share	6,917	—
2008: US cents 0.74 per ordinary share	—	15,341
Final dividend proposed after the end of reporting period:		
2009: US cents 0.40 per ordinary share	8,363	—
2008: US cents 0.13 per ordinary share	—	2,689
	15,280	18,030

The interim dividend of $6,917,000 for the year ended 31 December 2009 was declared in September 2009 and paid in January 2010.

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of $25,468,000 (2008: $40,010,000) and the weighted average number of 2,075,799,415 (2008: 2,073,174,592) ordinary shares in issue during the year.

The weighted average number of ordinary shares is as follows:

	2009	2008
At 1 January	2,068,436,000	2,075,000,000
Issue and allotment of scrip shares	7,363,415	—
Effect of repurchase and cancellation of shares	—	(1,825,408)
At 31 December	2,075,799,415	2,073,174,592

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2009 and 31 December 2008.

14 SEGMENT INFORMATION

The Group manages its business by division, which are organised by a mixture of business lines (casino, hotel & entertainment). On first time adoption of IFRS 8, the Group has identified the following two main reportable segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment.

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

(a) Segment results, assets and liabilities

The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment of the following bases:

Segment assets include all tangible, intangible and current assets. Segment liabilities include trade creditors, other creditors, provision for unredeemed chips and other liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and expenses incurred by those segments or which would otherwise arise from the depreciation and amortisation of assets attributed to those segments.

	Casino operations	Hotel and entertainment operations	Total
	$'000	$'000	$'000
Segment revenue:			
Year ended 31 December 2008			
Revenue from external customers	190,971	2,514	193,485
Inter-segment revenue	—	920	920
Reportable segment revenue	190,971	3,434	194,405
Year ended 31 December 2009			
Revenue from external customers	112,230	5,540	117,770
Inter-segment revenue	—	4,568	4,568
Reportable segment revenue	112,230	10,108	122,338

14 SEGMENT INFORMATION (continued)

(a) Segment results, assets and liabilities (continued)

	Casino operations	Hotel and entertainment operations	Total
	$'000	$'000	$'000
Segment profit/(loss) (EBITDA):			
Year ended 31 December			
2008	57,761	(2,167)	55,594
2009	40,187	464	40,651
Segment assets:			
Year ended 31 December			
2008	288,839	118,423	407,262
2009	322,018	144,903	466,921
Segment liabilities:			
Year ended 31 December			
2008	(14,933)	(127,488)	(142,421)
2009	(11,739)	(159,119)	(170,858)
Net assets/(liabilities):			
Year ended 31 December			
2008	273,906	(9,065)	264,841
2009	310,279	(14,216)	296,063

14 SEGMENT INFORMATION (continued)

(a) Segment results, assets and liabilities (continued)

	Casino operations	Hotel and entertainment operations	Total
	$'000	$'000	$'000
Other segment information			
Capital expenditure:			
Year ended 31 December			
2008	3,253	31,558	34,811
2009	1,093	32,661	33,754
Depreciation and amortisation:			
Year ended 31 December			
2008	4,399	2,834	7,233
2009	4,754	5,484	10,238
Income tax expense/(credit)			
Year ended 31 December			
2008	1,922	31	1,953
2009	2,162	(39)	2,123
Impairment loss on trade receivables			
Year ended 31 December			
2008	2,210	—	2,210
2009	1,609	—	1,609

14 SEGMENT INFORMATION (continued)

(a) Segment results, assets and liabilities (continued)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities to revenue, profit or loss, assets and liabilities per the consolidated financial statements is as follows:

	Year ended 31 December	
	2009	2008
	$'000	$'000
Revenue		
Reportable segment revenue	122,338	194,405
Elimination of inter-segment revenue	(4,568)	(920)
Consolidated revenue	117,770	193,485
Profit		
Reportable segment profit	40,651	55,594
Other income	3	260
Depreciation and amortisation	(10,301)	(7,295)
Unallocated head office and corporate expenses	(2,762)	(6,596)
Consolidated profit before taxation	27,591	41,963
Assets		
Reportable segment assets	466,921	407,262
Elimination of inter-segment assets	(155,488)	(121,574)
	311,433	285,688
Unallocated corporate assets	1,322	8,951
Consolidated total assets	312,755	294,639
Liabilities		
Reportable segment liabilities	(170,858)	(142,421)
Elimination of inter-segment payables	155,488	121,574
	(15,370)	(20,847)
Unallocated corporate liabilities	(9,637)	(3,592)
Consolidated total liabilities	(25,007)	(24,439)

(b) Geographical segments

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

15 PROPERTY, PLANT AND EQUIPMENT, AND INTEREST IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASE

(a) The Group

	Plant and equipment	Buildings	Capital work-in-progress	Renovations, furniture and fittings	Motor vehicles	Total property, plant and equipment	Interest in leasehold land held for own use under operating lease
	$'000	$'000	$'000 (note (i))	$'000	$'000	$'000	$'000 (note (ii))
Cost:							
At 1 January 2008	8,070	22,524	49,257	16,032	1,476	97,359	751
Additions	4,593	—	29,093	764	378	34,828	—
Disposal	(5)	—	—	—	(164)	(169)	—
Written off	(113)	—	—	—	—	(113)	—
Transfer	2,498	18,465	(25,662)	4,699	—	—	—
Exchange adjustment	(1)	—	—	—	(2)	(3)	—
At 31 December 2008	15,042	40,989	52,688	21,495	1,688	131,902	751
At 1 January 2009	15,042	40,989	52,688	21,495	1,688	131,902	751
Additions	3,807	—	29,423	406	118	33,754	—
Disposal	(1)	—	—	(2)	(100)	(103)	—
Written off	(297)	—	—	(305)	—	(602)	—
Transfer	—	9,896	(48,986)	39,090	—	—	—
At 31 December 2009	18,551	50,885	33,125	60,684	1,706	164,951	751
Accumulated depreciation/amortisation:							
At 1 January 2008	4,100	479	—	831	401	5,811	87
Charge for the year	841	592	—	2,025	281	3,739	9
Disposal	(5)	—	—	—	(92)	(97)	—
Written off	(109)	—	—	—	—	(109)	—
Exchange adjustment	(1)	—	—	—	(1)	(2)	—
At 31 December 2008	4,826	1,071	—	2,856	589	9,342	96
At 1 January 2009	4,826	1,071	—	2,856	589	9,342	96
Charge for the year	1,837	973	—	3,608	328	6,746	8
Disposal	—	—	—	—	(72)	(72)	—
Written off	(287)	—	—	(188)	—	(475)	—
At 31 December 2009	6,376	2,044	—	6,276	845	15,541	104
Net book value (note(iii)):							
At 31 December 2009	12,175	48,841	33,125	54,408	861	149,410	647
At 31 December 2008	10,216	39,918	52,688	18,639	1,099	122,560	655

15 PROPERTY, PLANT AND EQUIPMENT, AND INTEREST IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASE (continued)

(a) The Group (continued)

Notes:

(i) Capital work-in-progress at net book value relates to the following assets under construction.

	2009	2008
	$'000	$'000
Hotel and casino complex, Cambodia	33,125	52,688

Capital work-in-progress is incurred on the hotel and casino complex in Cambodia known as NagaWorld which is constructed on land held under a lease expiring on 31 July 2066. The premium paid to obtain the lease of $751,000 is included within interest in leasehold land held for own use under operating lease at its amortised cost.

(ii) Interest in leasehold land held for own use under operating lease is located as follows:

	2009	2008
	$'000	$'000
Cambodia	647	655

In addition to the prepaid lease payments to acquire the interest in the leasehold land held for own use under operating lease, the Group was obliged to pay the annual operating lease charge of approximately $187,000 (2008: $187,000), subject to increment for every 10 years, as shown in notes 5 and 27 to the consolidated financial statements.

The land has a remaining leasehold period expiring on 31 July 2066. The lease is undertaken between NWL and the Municipality of Phnom Penh, Cambodia.

(iii) The net book value of assets held under finance leases of the Group was $5,000 (2008: $8,000), and depreciation of $3,000 (2008: $3,000) was charged during the year.

15 PROPERTY, PLANT AND EQUIPMENT, AND INTEREST IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASE (continued)

(b) The Company

	Office equipment	Motor vehicles	Total
	$'000	$'000	$'000
Cost:			
At 1 January 2008	364	60	424
Additions	10	—	10
At 31 December 2008, 1 January 2009 and 31 December 2009	374	60	434
Accumulated depreciation:			
At 1 January 2008	29	9	38
Charge for the year	41	12	53
At 31 December 2008	70	21	91
At 1 January 2009	70	21	91
Charge for the year	42	12	54
At 31 December 2009	112	33	145
Net book value:			
At 31 December 2009	262	27	289
At 31 December 2008	304	39	343

16 INTANGIBLE ASSETS

	The Group	
	2009	2008
	$'000	$'000
Casino licence premium and extended exclusivity premium:		
Cost:		
At 1 January and 31 December	108,000	108,000
Accumulated amortisation:		
At 1 January	13,423	9,876
Charge for year	3,547	3,547
At 31 December	16,970	13,423
Net book value	91,030	94,577

On 12 August 2005, Ariston, a subsidiary of the Company, and the Cambodian Government entered into an Addendum Agreement which extended the exclusivity period of the Casino Licence within 200 kilometres of Phnom Penh (except the Cambodia-Vietnam Border Area, Bokor, Kirirom Mountains and Sihanoukville) (the "Designated Area") for the period to the end of 2035 in consideration for the surrender by Ariston of the rights and concessions granted under the SDA signed on 2 January 1995 and SSDA signed on 2 February 2000, both between Ariston and the Cambodian Government (except for the right to operate the casino within the Designated Area) including, but not limited to, the rights granted in respect of the development in O'Chhoue Teal, Naga Island and Sihanoukville International Airport (the "Assigned Assets"). The Assigned Assets had previously been assigned to Ariston Holdings Sdn. Bhd., a related company that is beneficially owned by the ultimate controlling shareholder of the Company, Tan Sri Dr Chen Lip Keong, on 30 August 2002. In order to fulfill its obligations under the Addendum Agreement, Ariston proposed to enter into an agreement with Ariston Holdings Sdn. Bhd. pursuant to which Ariston Holdings Sdn. Bhd. would surrender all rights, title, benefits and interests in and to the Assigned Assets to the Cambodian Government with an effective date of 12 August 2005 in consideration for $105 million.

The $105 million liability in respect of the extended exclusivity period has been settled as follows:

— On 11 May 2006, the Company issued 202,332,411 ordinary shares of $0.0125 each to Tan Sri Dr Chen Lip Keong pursuant to an agreement with, amongst others, Ariston and Ariston Holdings Sdn. Bhd. The fair value of the 202,332,411 ordinary shares was $50 million of which $2,529,155 was the par value of the ordinary shares issued and $47,470,845 was the premium on the issue of the ordinary shares; and

— On 16 August 2006, the remaining $55 million due to Ariston Holdings Sdn. Bhd. was settled by way of a capital contribution of $55 million by the ultimate controlling shareholder of the Company.

Please refer to note 5 in respect of the Casino Licence.

17 INVESTMENT IN SUBSIDIARIES

	The Company	
	2009	2008
	$'000	$'000
Unlisted shares, at cost	15,500	15,500

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Place of incorporation	Place of business	Particulars of issued and paid up share capital	Effective equity held by the Company	Effective equity held by a subsidiary	Principal activities
NagaCorp (HK) Limited *	Hong Kong	Hong Kong	10,000 shares of HK$1 each	100%	—	Investment holding
NWL*@	Hong Kong	Cambodia	78,000,000 shares of HK$1 each	—	100%	Gaming, hotel and entertainment operations
Ariston #	Malaysia	Malaysia & Cambodia	56,075,891 shares of Ringgit Malaysia ("RM") each	—	100%	Holding casino licence and investment holding
Neptune Orient Sdn. Bhd. #	Malaysia	Malaysia & Cambodia	250,000 shares of RM1 each	—	100%	Inactive
Ariston (Cambodia) Limited #	Cambodia	Cambodia	1,000 shares of KHR 120,000 each	—	100%	Inactive
Naga Sports Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Sports
Naga Travel Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Travel
Naga Retail Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Retail
Naga Entertainment Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Entertainment

(Expressed in United States dollars)

17 INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation	Place of business	Particulars of issued and paid up share capital	Effective equity held by the Company	Effective equity held by a subsidiary	Principal activities
Naga Services Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Services
Naga Media Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Media
Naga Management Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	—	100%	Investment and Management

The class of shares held is ordinary.

* The financial statements of these subsidiaries were audited by BDO Limited for the year ended 31 December 2009.

\# The financial statements of these subsidiaries were audited by a member firm of BDO International Limited for the year ended 31 December 2009.

@ The Gaming Branch and Hotel and Entertainment Branch of NWL were audited by a member firm of BDO International Limited for the year ended 31 December 2009.

18 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade receivables – non-current assets (note)	4,091	—	—	—
Trade receivables – current assets	46,930	60,195	—	—
	51,021	60,195	—	—
Less: Allowance for impairment loss included in current portion	(3,971)	(2,362)	—	—
	47,050	57,833	—	—
Deposits, prepayments and other receivables	3,778	7,638	273	2,224
Amounts due from subsidiaries (note 22)	—	—	201,318	191,709
Amount due from related company	344	324	344	324
	51,172	65,795	201,935	194,257
Less: Trade receivables classified as non-current assets	(4,091)	—	—	—
Balance classified as current assets	47,081	65,795	201,935	194,257

Note:

The balance is unsecured, bears interest at 8.5% per annum since 1 January 2011 and repayable by December 2011.

Included in trade and other receivables are trade debts (net of impairment losses) with the following ageing analysis as at the end of reporting period:

	The Group	
	2009	2008
	$'000	$'000
Current to within 1 month	3,197	19,393
1 to 3 months	850	16,655
3 to 6 months	5,619	15,381
6 to 12 months	23,291	4,050
More than 1 year	14,093	2,354
	47,050	57,833

The average credit period on gaming revenue is 7 days from the end of tour.

18 TRADE AND OTHER RECEIVABLES (continued)

The analysis of trade receivables which are past due but not impaired is as follows:

	The Group	
	2009	2008
	$'000	$'000
Less than 1 month overdue	429	8,823
1 to 3 months overdue	850	16,655
3 to 6 months overdue	5,619	15,381
6 to 12 months overdue	23,291	4,050
More than 1 year overdue	14,093	2,354
	44,282	47,263

The balances which are past due but not impaired relate to a number of Junket VIP operators and local operators who have a good track record with the Group, or are active during the year.

The balances of other classes within trade and other receivables of the Group and of the Company are neither past due nor impaired.

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

	The Group	
	2009	2008
	$'000	$'000
At 1 January	2,362	152
Impairment loss recognised	1,609	2,210
At 31 December	3,971	2,362

The Group recognises impairment loss on individual assessments. The Group's credit policy is set out in note 31(c).

The amounts due from related parties are unsecured, interest-free and repayable on demand.

19 CONSUMABLES

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

20 DEPOSIT PAYMENTS FOR PURCHASE OF RAW MATERIALS

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

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

21 FIXED DEPOSIT AT BANK

The deposit bears interest at 8.5% per annum and matures in December 2010.

22 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	The Company	
	2009	2008
	$'000	$'000
Amount due from Ariston	104,986	104,986
Amount due from NagaCorp (HK) Limited	96,329	86,723
Amount due from other subsidiaries	3	—
Amounts due from subsidiaries (note 18)	201,318	191,709
Amount due to subsidiary – NWL (note 23)	(5,474)	(8,537)

The balances are unsecured, interest-free and repayable on demand.

23 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade payables (note (a))	823	344	—	—
Unredeemed casino chips	3,147	7,016	—	—
Unredeemed chips – Poibos	940	940		
Deposits	15	3,008	—	—
Construction creditors	5,506	4,944	—	—
Non-gaming Obligation Payments and other taxes (note (b))	—	319	—	—
Tax penalties and late payment interest	—	109	—	—
Accruals and other creditors	5,317	5,654	2,211	3,449
Amount due to subsidiary (note 22)	—	—	5,474	8,537
	15,748	22,334	7,685	11,986

Notes:

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

	The Group	
	2009	2008
	$'000	$'000
Due within 1 month or on demand	483	7
Due after 1 month but within 3 months	—	19
Due after 3 months but within 6 months	—	318
Due over 1 year	340	—
Total	823	344

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

24 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	The Group					
	2009			2008		
	Minimum lease payments	Interest	Present value	Minimum lease payments	Interest	Present value
	$'000	$'000	$'000	$'000	$'000	$'000
Less than one year	3	(1)	2	3	(1)	2
Between one and five years	6	(2)	4	9	(2)	7
	9	(3)	6	12	(3)	9

25 PROVISIONS

The provision for litigation relates to the winnings of a Junket VIP group who had allegedly resorted to cheating.

Please refer to note 29 for further details.

26 CAPITAL AND RESERVES

(a) The Group

	Share capital	Share premium	Merger reserve	Capital contribution reserve	Exchange reserve	Retained profits	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2008	25,938	134,892	(12,812)	55,568	124	58,858	262,568
Profit for the year	—	—	—	—	—	40,010	40,010
Dividend paid	—	—	—	—	—	(31,341)	(31,341)
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	(76)	—	(76)
Repurchase and cancellation of shares	(83)	(878)	—	—	—	—	(961)
At 31 December 2008	25,855	134,014	(12,812)	55,568	48	67,527	270,200
At 1 January 2009	25,855	134,014	(12,812)	55,568	48	67,527	270,200
Profit for the year	—	—	—	—	—	25,468	25,468
Dividend declared	—	—	—	—	—	(9,606)	(9,606)
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	31	—	31
Issue and allotment of scrip shares	171	1,484	—	—	—	—	1,655
At 31 December 2009	26,026	135,498	(12,812)	55,568	79	83,389	287,748

26 CAPITAL AND RESERVES *(continued)*

(b) The Company

	Share capital	Share premium	Capital contribution reserve	Retained profits	Total
	$'000	$'000	$'000	$'000	$'000
At 1 January 2008	25,938	134,892	55,000	(4,827)	211,003
Profit for the year	—	—	—	25,255	25,255
Dividend paid	—	—	—	(31,341)	(31,341)
Repurchase and cancellation of shares	(83)	(878)	—	—	(961)
At 31 December 2008	25,855	134,014	55,000	(10,913)	203,956
At 1 January 2009	25,855	134,014	55,000	(10,913)	203,956
Profit for the year	—	—	—	7,135	7,135
Dividend declared	—	—	—	(9,606)	(9,606)
Issue and allotment of scrip shares	171	1,484	—	—	1,655
At 31 December 2009	26,026	135,498	55,000	(13,384)	203,140

(c) Share capital

(i) Authorised:

	2009	2008
	$'000	$'000
8,000,000,000 ordinary shares of $0.0125 each	100,000	100,000

26 CAPITAL AND RESERVES (continued)

(c) Share capital (continued)

(ii) Issued and fully paid:

	2009 Number of shares	2009 $'000	2008 Number of shares	2008 $'000
Ordinary shares of $0.0125 each				
At 1 January	2,068,436,000	25,855	2,075,000,000	25,938
Issue and allotment of scrip shares	13,642,875	171		
Repurchase and cancellation of shares during the year	—	—	(6,564,000)	(83)
At 31 December	2,082,078,875	26,026	2,068,436,000	25,855

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) Issue and allotment of shares during the year

On 18 June 2009, the Company issued 13,642,875 ordinary shares under the scrip dividend scheme for 60% of the payment of the 2008 final dividend. The market value for calculating the number of Scrip Shares allotted to the shareholders pursuant to the scrip dividend scheme was HK$0.94 per share (or HK cents 94 per share), which was the average of the closing price per share of the Company on the Stock Exchange for the 5 consecutive trading days up to and including 18 May 2009.

(iv) Capital management

The Group's objectives when managing capital are:

— to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

— to provide a return to Shareholders by pricing services commensurately with the level of risk.

The Group sets the amount of capital to reflect the perceived level of risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic and business conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to Shareholders, return capital to Shareholders, issue new shares, or sell assets to reduce debt.

26 CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the Shareholders provided that immediately following that date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts when they fall due in the ordinary course of business.

(ii) Merger reserve

The merger reserve relates to the pooling of interests under the share swap agreement between, amongst others, the former shareholders of the combined entities, the Company and the then sole ultimate controlling shareholder dated 6 June 2003. The amount represents the fair value of the share capital of the combined entities and the carrying value of assets and liabilities combined into the Group pursuant to the restructuring aforementioned.

(iii) Capital contribution reserve

The capital contribution reserve comprises the fair value of assets contributed to the Company by the ultimate controlling shareholder.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(e) Distributable reserves

At 31 December 2009, the aggregate amount of reserves available for distribution to equity shareholders of the Company was $177,114,000 (2008: $178,101,000) within which $55,000,000 (2008: $55,000,000) related to the capital contribution reserve whereas the Directors have no current intention of distributing.

After the end of reporting period, the Directors proposed a final dividend of US cents 0.40 per ordinary share (2008: US cents 0.13 per ordinary share) amounting to $8.4 million (2008: $2.7 million). The dividend has not been recognised as a liability at the end of reporting period.

27 LEASE COMMITMENTS

At the end of reporting period, the Group's and Company's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group							
	2009 In respect of:				2008 In respect of:			
	Land lease	Office, staff quarters and car park rental	Equipment rental	Total	Land lease	Office, staff quarters and car park rental	Equipment rental	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year	187	736	1,536	2,459	187	1,201	1,536	2,924
1 to 5 years	748	527	4,134	5,409	748	470	5,670	6,888
After 5 years	21,052	—	—	21,052	21,239	—	—	21,239
	21,987	1,263	5,670	28,920	22,174	1,671	7,206	31,051

	The Company	
	2009	2008
	$'000	$'000
In respect of office rental:		
Within 1 year	266	329
1 to 5 years	521	—
	787	329

Note: Hotel and entertainment complex, Phnom Penh

The Group has entered into lease arrangements in respect of land in Phnom Penh, Cambodia which forms the site for the NagaWorld hotel and entertainment complex with integrated casino facilities currently under construction. The lease agreement is for a period of seventy years and does not include any provisions for renewal upon expiry or contingent rentals. Provisions for periodic adjustments to reflect market rentals are included in the lease agreement and in the commitments shown above. Please refer to note 15(a) for further details in respect of the land.

28 CAPITAL COMMITMENTS

The Group had the following capital commitments as at the end of reporting period:

	The Group	
	2009	2008
	$'000	$'000
Hotel and casino complex, Phnom Penh		
- contracted but not incurred	3,640	610
- authorised but not contracted	—	2,453
	3,640	3,063

The capital commitments relating to the NagaWorld project are expected to be incurred over one year in accordance with a phased construction plan.

29 LITIGATION

Junket VIP group cheating case

A Junket VIP group comprising 20 members won approximately $2 million during the period from 23 April 2003 to 25 April 2003. Based on the information provided and review of internal security records, the Group believes the Junket VIP group may have resorted to cheating in gambling. Therefore, NWL withheld the money and lodged a report to the Cambodia local court.

NWL has lodged a report to the Cambodia Ministry of Interior's Police Headquarters and an order was issued by the police in Cambodia to NWL to withhold payment of monies to the Junket VIP group until their investigations were completed. On 11 June 2003, a charge warrant was issued by the Prosecutor of the Phnom Penh Municipal Court against certain Junket VIP group members. On 12 June 2003, the Phnom Penh Municipal Court issued an order temporarily restraining NWL from making the $2 million payment to the Junket VIP group until completion of the Phnom Penh Municipal Court's investigations.

In July 2003, the Junket VIP group members obtained a discharge warrant from the Phnom Penh Municipal Court discharging them from the criminal charges, and obtained a further warrant from the Phnom Penh Municipal Court cancelling their earlier order that restrained NWL from making payment to the Junket VIP group. NWL has filed an appeal in the Cambodia Appeal Court against both warrants.

NWL has commenced a civil action in the Phnom Penh Municipal Court against the Junket VIP group members in respect of the disputed amount. On 29 August 2003, the Court of Appeal issued a warrant temporarily suspending the requirements of NWL from paying the $2 million to the Junket VIP group members, pending the judgement of the Cambodia Appeal Court. NWL, on 4 August 2003, has received a further demand for the outstanding sum and has been threatened with possible legal action and publicity of the incident.

At this juncture, NWL has no obligation to pay the withheld money and compensate the Junket VIP group for legal costs. However, a provision has been made for the Junket VIP group's winnings as set out in note 25.

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has adopted a share option scheme upon listing of the Company's shares on the Main Board of the Stock Exchange on 19 October 2006 whereby the Directors are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at nil consideration to subscribe for shares of the Company.

The Company did not grant any share options during the year (2008: Nil) and there are no outstanding share options at the end of reporting period (2008: Nil).

31 RISK MANAGEMENT

(a) Financial risk management objectives and policies

Exposures to political and economic risks, credit, interest rate and currency risks arise in the normal course of the Group's business. The Group has risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy and has established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such policies are regularly reviewed by the Board and regular reviews will be undertaken to ensure that the Group's policy guidelines are adhered to.

(b) Political and economic risks

The Group's activities are carried out in Cambodia, a country which, until recently, has had a history of political instability. While the political climate has been more stable in recent years, its political and legal frameworks are still evolving and the economic and legal environments may change significantly in the event of a change of government. Although the Cambodian Government has been pursuing reform policies in recent years, no assurance can be given that the Cambodian Government will continue to pursue such policies or that such policies may not be significantly altered. There is also no guarantee that the Cambodian Government's pursuit of reforms will be consistent or effective. Changes in laws on taxation and investment and in policies affecting the industry in which the Group operates could have a significant negative effect on its operating results and financial condition.

(c) Credit risk

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 requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the end of reporting period, the Group has a certain concentration of credit risk at 74% (2008: 71%) of the total trade and other receivables that was due from the five largest operators.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Group does not hold any collateral as security.

31 RISK MANAGEMENT (continued)

(d) Liquidity risk

The contractual maturities of financial liabilities of the Group are shown as below:

	2009	2008
	$'000	$'000
Less than one year	**22,668**	**22,337**
Between one and five years	**6**	**9**
	22,674	**22,346**

(e) Interest rate risk

To date the Group's funding requirements have largely been met by cash flows generated from its operations. In respect of income from monetary assets, effective interest rates and terms are as follows:

	2009		2008	
	Effective interest rate	**One year or less**	**Effective interest rate**	**One year or less**
	%	$'000	%	$'000
Bank deposits				
- On demand	0.01 to 1.5	9,292	0.4 to 4.0	5,535
- Fixed term of 7 days or less	0.01	11	0.01 to 2.5	1,399
- Within one year	8.5	4,000	—	—
		13,303		6,934

31 RISK MANAGEMENT (continued)

(e) Interest rate risk (continued)

The following table indicates the approximate change in the profit after tax in response to reasonably possible changes in an interest rate to which the Group has significant exposure at the end of reporting period. In determining the effect on profit after tax on the next accounting period, we assume that the change in interest rate had occurred at the end of reporting period and all other variables remain constant. There is no change in the methods and assumptions used in 2008 and 2009.

	2009	2008
	$'000	$'000
Applicable deposit rate		
Increase by 100 basis points	**93**	**55**
Decrease by 100 basis points	**(93)**	**(55)**

(f) Foreign currency risk

The Group's income is principally earned in United States dollars. The Group's expenditure is principally paid in United States dollars and to a lesser extent in Cambodian Riels. The Group does not therefore have 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.

(g) Fair values

All financial instruments are carried at amounts not materially different from their fair values at the end of reporting period because of their short term maturity.

32 RELATED PARTY TRANSACTIONS

Significant transactions entered into between the Group and its related parties are as follows:

(a) Expenses

	2009	2008
	$'000	$'000
Travel expenses (note)	**149**	**65**

Note: The Group has transacted with a related company, the controlling beneficiary of which is Tan Sri Dr Chen Lip Keong, the ultimate controlling shareholder of the Company, for the provision of travel and tour services and hotel accommodation to the Group.

As at 31 December 2009, an amount due from a related company of $344,000 (2008: $324,000) is included in trade and other receivables as disclosed in note 18 to the consolidated financial statements. The balance is unsecured, interest-free and repayable on demand. The maximum balance during the year is $344,000 (2008: $324,000).

(b) Compensation of key management personnel

	2009	2008
	$'000	$'000
Basic salaries, housing and other allowances and benefits in kind	**2,801**	**2,720**
Bonus	**32**	**907**
Retirement contribution scheme	**2**	**3**
Others	**—**	**45**
	2,835	**3,675**

33 ULTIMATE CONTROLLING SHAREHOLDER

At 31 December 2009, Tan Sri Dr Chen Lip Keong is interested in 1,313,112,327 ordinary shares of the 2,082,078,875 issued ordinary shares of the Company of which 415,334,561 ordinary shares are registered in his name and the remaining 162,260,443 and 735,517,323 ordinary shares are registered in the name of and beneficially owned by the Cambodian Development Corporation ("CDC") and Fourth Star Finance Corp. ("Fourth Star") respectively. The entire issued share capital of CDC and Fourth Star is beneficially owned by Tan Sri Dr Chen Lip Keong.

(Expressed in United States dollars)

34 POSSIBLE IMPACT OF AMENDMENTS, NEW OR REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING YEAR ENDED 31 DECEMBER 2009

Up to the date of issue of these consolidated financial statements, the IASB has issued the following amendments, new or revised standards and interpretations which are not yet effective for the annual accounting year ended 31 December 2009 and which have not been early adopted in these consolidated financial statements.

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvements to IFRSs [1]
IFRSs (Amendments)	Improvements to IFRSs 2009 [2]
IFRS 1 (Revised)	First-time Adoption of International Financial Reporting Standards [1]
Amendments to IAS 32	Classification of Right Issues [4]
Amendment to IAS 39	Eligible Hedged Items [1]
Amendments to IFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions [3]
Amendment to IFRIC – Interpretation 14	Prepayments of a Minimum Funding Requirements [6]
IAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
IFRS 3 (Revised)	Business Combinations [1]
IFRIC – Interpretation 17	Distributions of Non-cash Assets to Owners [1]
IFRIC – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [5]
IAS 24 (Revised)	Related Party Disclosures [6]
IFRS 9	Financial Instruments [7]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 July 2010
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the potential impact of these standards, amendments or interpretations and the Directors so far concluded that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

35 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment allowance for bad and doubtful debts

The policy for impairment allowance for bad and doubtful debts on trade and other receivables of the Group is based on the evaluation of recoverability and outstanding period of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer, including Junket VIP operators and local operators. In determining whether impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from individual trade and other receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly.

FIVE-YEAR FINANCIAL SUMMARY

(Expressed in United States dollars)

	2005	2006	2007	2008	2009
	$'000	$'000	$'000	$'000	$'000
Consolidated statement of income					
Revenue	64,282	85,412	144,024	193,485	117,770
Profit attributable to equity shareholders of the Company	24,941	32,618	50,200	40,010	25,468
Earnings per share (US cents) (note)	1.92	2.12	2.42	1.93	1.23
Dividend					
Interim dividend declared	20,737	18,000	14,000	15,341	6,917
Final dividend proposed after the end of reporting period	—	—	16,000	2,689	8,363
Special dividend proposed after the end of reporting period	—	10,000	—	—	—
Total dividend attributable to the year	20,737	28,000	30,000	18,030	15,280
Dividend per share (US cents) (note)	1.67	1.25	1.45	0.87	0.73
Consolidated statement of financial position					
Property, plant and equipment and interest in leasehold land held for own use under operating lease	34,837	47,542	92,212	123,215	150,057
Intangible assets	105,218	101,671	98,124	94,577	91,030
Other non-current assets	—	—	—	—	4,091
Net current (liabilities)/assets	(118,744)	86,680	72,241	52,415	42,574
Employment of capital	21,311	235,893	262,577	270,207	287,752
Represented by:					
Share capital	15,500	25,938	25,938	25,855	26,026
Reserves	5,796	209,944	236,630	244,345	261,722
Shareholders' funds	21,296	235,882	262,568	270,200	287,748
Other non-current liabilities	15	11	9	7	4
Capital employed	21,311	235,893	262,577	270,207	287,752
Net assets per share (US cents) (note)	1.64	11.37	12.65	13.06	13.86

Note:

Earnings per share and net assets per share includes the capitalised 57,667,509 ordinary shares of $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 on 4 October 2006.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of NagaCorp Ltd. (the "Company") will be held at Suite 2806, 28th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 31 May 2010 at 2:00 p.m. for the following purposes:-

Ordinary business

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors and auditors for the year ended 31 December 2009.

2. To declare a final dividend in respect of the year ended 31 December 2009.

3. To re-elect the retiring directors, Tan Sri Dr Chen Lip Keong and Mr. Timothy Patrick McNally.

4. To elect Mr. Philip Lee Wai Tuck as an executive director of the Company with immediate effect.

5. To elect Mr. Michael Lai Kai Jin as a non-executive director of the Company with immediate effect.

6. To approve the directors' remuneration for the year ended 31 December 2009 and to authorize the board of directors of the Company to fix the directors' remuneration for the year ending 31 December 2010.

7. To re-appoint BDO Limited as auditors of the Company and authorise the board of directors of the Company to fix their remuneration.

8. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:-

   (A) "**That:-**

      (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares of the Company, or options, warrants or similar rights to subscribe for shares of the Company or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;

      (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and/or options which may require the exercise of such powers after the end of the Relevant Period;

      (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company during the Relevant Period pursuant to paragraph (i) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined) or (2) the grant or exercise of any option under the option scheme of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (3) any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (4) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20 per cent of the aggregate nominal amount of share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly;

(iv) for the purpose of this resolution:-

(a) "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:-

(1) the conclusion of the next annual general meeting of the Company;

(2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and

(3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

(b) "Rights Issue" means an offer of shares in the capital of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares in the capital of the Company whose names appear on the register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company)."

(B) "**That:-**

(i) subject to paragraph (ii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the issued shares of the Company on the Stock Exchange of Hong Kong Limited or on any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange of Hong Kong Limited and, subject to and in accordance with all applicable laws, the Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;

(ii) the aggregate nominal amount of the shares of the Company, which the Company is authorised to repurchase pursuant to the approval in paragraph (i) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution, and the said approval shall be limited accordingly;

(iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and

(iv) for the purpose of this resolution:-

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:-

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and

(c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting."

(C) "That conditional upon the resolutions numbered 8(A) and 8(B) as set out in the notice convening this meeting being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with additional shares of the Company and to make or grant offers, agreements and options which may require the exercise of such powers pursuant to the ordinary resolution numbered 8(A) set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 8(B) as set out in the notice convening this meeting, provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution."

By Order of the Board of Directors
Timothy Patrick McNally
Chairman

Hong Kong, 29 April 2010

Registered office: Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands

Principal Place of Business in Hong Kong: Suite 2806, 28th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong

Notes:

(i) Resolution numbered 8(C) will be proposed to the shareholders for approval provided that ordinary resolutions numbered 8(A) and 8(B) are passed by the shareholders.

(ii) A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company.

(iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

(iv) In order to be valid, a form of proxy must be deposited at the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude members of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.

(v) The transfer books and register of members will be closed from 25 May 2010 to 31 May 2010, both days inclusive, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 24 May 2010.

(vi) In respect of ordinary resolution numbered 3 above, Ms. Monica Lam Yi Lin has to retire at the forthcoming annual general meeting but she does not offer herself for re-election while Mr. Tim Patrick McNally and Tan Sri Dr Chen Lip Keong have to retire at the forthcoming annual general meeting but offer themselves for re-election.

(vii) In respect of the ordinary resolution numbered 8(A) above, the directors of the Company wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders as a general mandate for the purposes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(viii) In respect of ordinary resolution numbered 8(B) above, the directors of the Company wish to state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of shareholders. The Explanatory Statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the accompanied circular dated 29 April 2010.

As at the date of this notice, the Directors are:

Executive Directors
Tan Sri Dr Chen Lip Keong and Ms. Monica Lam Yi Lin

Non-executive Director
Mr. Timothy Patrick McNally
Mr. Chen Yiy Fon

Independent Non-executive Directors
Mr. Leow Ming Fong, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Mr. Lim Mun Kee

This Annual Report, in both English and Chinese versions, is available on the Company's website at www. nagacorp.com.

Shareholders who have chosen to receive the corporate communications of the Company (the "Corporate Communications") in either the English version or the Chinese version may request for a copy in the other language. The Annual Report in the requested language will be sent free of charge by the Company upon request.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) and means of receipt (either download from the Company's website or receiving printed copies) of the Corporate Communications.

Shareholders may send their request to change their choice of language(s) and means of receipt of the Corporate Communications by notice in writing to the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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