



RESORTS WORLD BHD

(Incorporated in Malaysia under Company No. 58019-U)

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SECOND QUARTERLY REPORT

Quarterly report on consolidated results for the financial period ended 30 June 2006. The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2006

| | UNAUDITED INDIVIDUAL QUARTER | | UNAUDITED CUMULATIVE PERIOD | |
|---|------------------------------------|--|-----------------------------------|---|
| | <u>Current year quarter</u> | <u>Preceding year corresponding quarter (Restated)</u> | <u>Current year-to-date</u> | <u>Preceding year corresponding period (Restated)</u> |
| | <u>30.6.2006</u> | <u>30.6.2005</u> | <u>30.6.2006</u> | <u>30.6.2005</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Revenue | 899,215 | 921,863 | 1,724,537 | 1,724,633 |
| Cost of sales | (540,343) | (498,252) | (1,087,913) | (991,705) |
| Gross profit | 358,872 | 423,611 | 636,624 | 732,928 |
| Other income | 9,350 | 22,572 | 29,330 | 28,814 |
| Other expenses | (49,940) | (47,545) | (95,354) | (94,104) |
| Profit from operations | 318,282 | 398,638 | 570,600 | 667,638 |
| Finance cost | (3,696) | (9,259) | (10,001) | (20,325) |
| Share of results in jointly controlled entity and associates | (57,538) | 9,261 | (104,015) | 14,910 |
| Profit from ordinary activities before taxation | 257,048 | 398,640 | 456,584 | 662,223 |

RESORTS WORLD BHD
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2006

| | UNAUDITED INDIVIDUAL QUARTER | | UNAUDITED CUMULATIVE PERIOD | |
|--|------------------------------------|--|-----------------------------------|---|
| | <u>Current year quarter</u> | <u>Preceding year corresponding quarter (Restated)</u> | <u>Current year-to-date</u> | <u>Preceding year corresponding period (Restated)</u> |
| | <u>30.6.2006</u> | <u>30.6.2005</u> | <u>30.6.2006</u> | <u>30.6.2005</u> |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Taxation | (80,271) | (72,270) | (36,422) | (134,899) |
| Profit for the period | 176,777 | 326,370 | 420,162 | 527,324 |
| Attributable to: | | | | |
| Equity holders of the Company | 176,879 | 326,465 | 420,359 | 527,514 |
| Minority interest | (102) | (95) | (197) | (190) |
| | 176,777 | 326,370 | 420,162 | 527,324 |
| Earnings per share attributable to equity holders of the Company: | | | | |
| Basic earnings per share (sen) | 16.18 | 29.90 | 38.48 | 48.31 |
| Diluted earnings per share (sen) | 16.15 | 29.90 | 38.48 | 48.31 |

(The Condensed Consolidated Income Statements should be read in conjunction with the audited Financial Statements for the financial year ended 31 December 2005.)

RESORTS WORLD BHD
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2006

| | Unaudited As at 30.6.2006 RM'000 | Restated (Unaudited) As at 31.12.2005 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 3,529,915 | 3,519,957 |
| Land held for property development | 186,117 | 186,117 |
| Investment properties | 22,519 | 22,254 |
| Jointly controlled entity | 1,094 | 1,066 |
| Associate | 1,994,865 | 2,155,595 |
| Other long term assets | 252,663 | 261,564 |
| | <u>5,987,173</u> | <u>6,146,553</u> |
| Current assets | | |
| Inventories | 53,270 | 53,456 |
| Trade and other receivables | 190,269 | 126,700 |
| Amount due from other related companies | 5,850 | 7,401 |
| Amount due from an associate | 955 | 808 |
| Short term investments | 467,850 | 276,033 |
| Bank balances and deposits | 260,660 | 438,854 |
| | <u>978,854</u> | <u>903,252</u> |
| TOTAL ASSETS | <u>6,966,027</u> | <u>7,049,805</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 546,692 | 545,940 |
| Reserves | 5,351,980 | 5,090,541 |
| | <u>5,898,672</u> | <u>5,636,481</u> |
| Minority Interests | <u>8,331</u> | <u>8,528</u> |
| TOTAL EQUITY | <u>5,907,003</u> | <u>5,645,009</u> |
| Non-current liabilities | | |
| Other long term liabilities | 71,589 | 71,282 |
| Long term borrowings | 133,862 | 137,632 |
| Deferred taxation | 181,473 | 173,051 |
| | <u>386,924</u> | <u>381,965</u> |
| Current liabilities | | |
| Trade and other payables | 347,340 | 475,549 |
| Amount due to holding company | 8,199 | 10,382 |
| Amount due to other related companies | 41,742 | 41,456 |
| Short term borrowings | 91,278 | 396,128 |
| Taxation | 73,328 | 99,316 |
| Dividend payable | 110,213 | - |
| | <u>672,100</u> | <u>1,022,831</u> |
| TOTAL LIABILITIES | <u>1,059,024</u> | <u>1,404,796</u> |
| TOTAL EQUITY AND LIABILITIES | <u>6,966,027</u> | <u>7,049,805</u> |
| NET ASSETS PER SHARE (RM) | <u>5.39</u> | <u>5.16</u> |

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited Financial Statements for the financial year ended 31 December 2005.)

RESORTS WORLD BHD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2006

| Part I Note | Attributable to equity holders of the Company | | | | | Minority Interest | Total Equity | |
|--|---|------------------|-------------------|-------------------------------|------------------|----------------------|------------------|--------|
| | Share Capital | Share Premium | Other Reserves | Unappro- priated Profit | Total | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | | RM'000 |
| At 1 January 2005 | | | | | | | | |
| As previously stated | 545,922 | 33,333 | 6,546 | 4,167,235 | 4,753,036 | 8,909 | 4,761,945 | |
| Prior year adjustment – effect of adopting: | | | | | | | | |
| - FRS 121 | (a)(i)(cc) | - | - | 74,631 | - | 74,631 | - | 74,631 |
| At 1 January 2005 (restated) | | | | | | | | |
| Foreign exchange differences recognised directly in equity | - | - | (1,407) | - | (1,407) | - | (1,407) | |
| Profit for the period | - | - | - | 527,514 | 527,514 | (190) | 527,324 | |
| Appropriation: Final dividend declared for the year ended 31 December 2004 | - | - | - | (86,474) | (86,474) | - | (86,474) | |
| Total recognised income and expenses for the period | - | - | (1,407) | 441,040 | 439,633 | (190) | 439,443 | |
| Share of equity portion in associate's convertible bonds | - | - | 19,732 | - | 19,732 | - | 19,732 | |
| Issue of shares | 1 | 16 | - | - | 17 | - | 17 | |
| At 30 June 2005 (restated) | | | | | | | | |
| | <u>545,923</u> | <u>33,349</u> | <u>99,502</u> | <u>4,608,275</u> | <u>5,287,049</u> | <u>8,719</u> | <u>5,295,768</u> | |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited Financial Statements for the financial year ended 31 December 2005.)

RESORTS WORLD BHD
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2006 (CONT'D)

| Part I Note | Attributable to equity holders of the Company | | | | | | Minority Interest RM'000 | Total Equity RM'000 |
|--|---|----------------------------|-----------------------------|---|------------------|--------------|--------------------------------|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Other Reserves RM'000 | Unappro- priated Profit RM'000 | Total RM'000 | | | |
| | | | | | | | | |
| At 1 January 2006 | | | | | | | | |
| As previously stated | 545,940 | 33,668 | 25,108 | 4,970,757 | 5,575,473 | 8,528 | 5,584,001 | |
| Prior year adjustment - effect of adopting: | | | | | | | | |
| - FRS 121 | (a)(i)(cc) | - | - | 61,439 | (431) | 61,008 | - | 61,008 |
| At 1 January 2006 (restated) | 545,940 | 33,668 | 86,547 | 4,970,326 | 5,636,481 | 8,528 | 5,645,009 | |
| Foreign exchange differences recognised directly in equity | - | - | (63,510) | - | (63,510) | - | (63,510) | |
| Profit for the period | - | - | - | 420,359 | 420,359 | (197) | 420,162 | |
| Appropriation: Final dividend declared for the year ended 31 December 2005 | - | - | - | (110,213) | (110,213) | - | (110,213) | |
| Total recognised income and expenses for the period | - | - | (63,510) | 310,146 | 246,636 | (197) | 246,439 | |
| Share based payments | - | - | 86 | - | 86 | - | 86 | |
| Issue of shares | 752 | 14,717 | - | - | 15,469 | - | 15,469 | |
| At 30 June 2006 | 546,692 | 48,385 | 23,123 | 5,280,472 | 5,898,672 | 8,331 | 5,907,003 | |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited Financial Statements for the financial year ended 31 December 2005.)

RESORTS WORLD BHD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2006

Unaudited
Current
Year-To-Date
30.6.2006
RM'000

Unaudited
Preceding
Year-To-Date
30.6.2005
RM'000
(Restated)

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|------------------|-----------|
| Profit from ordinary activities before taxation | 456,584 | 662,223 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 114,595 | 111,694 |
| Interest expense | 10,001 | 20,325 |
| Interest income | (8,135) | (5,655) |
| Share of results in jointly controlled entity and associates | 104,015 | (14,910) |
| Unrealised exchange (gain)/ loss | (5,705) | 106 |
| Gain on disposal of short term investment | - | (113,332) |
| Gain on disposal of investment in a subsidiary | - | (9,191) |
| Additional gain from disposal of investment | - | (9,000) |
| Other non-cash items and adjustments | 2,997 | 4,176 |
| | 217,768 | (15,787) |
| Operating profit before working capital changes | 674,352 | 646,436 |
| Net change in current assets | (8,365) | (14,494) |
| Net change in current liabilities | (85,356) | (12,102) |
| | (93,721) | (26,596) |
| Cash generated from operations | 580,631 | 619,840 |
| Net tax paid | (107,570) | (118,528) |
| Retirement gratuities paid | (1,132) | (911) |
| Other net operating receipts | (109) | 896 |
| | (108,811) | (118,543) |
| Net Cash Generated From Operating Activities | 471,820 | 501,297 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Property, plant and equipment | (166,198) | (204,079) |
| Other investments | 8,020 | 4,679 |
| Net Cash Used In Investing Activities | (158,178) | (199,400) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | 15,469 | 17 |
| Interest paid | (12,825) | (22,487) |
| Repayment of borrowings | (302,280) | (319,960) |
| Borrowings from financial institutions | - | 19,000 |
| Net Cash Used In Financing Activities | (299,636) | (323,430) |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | 14,006 | (21,533) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | 714,808 | 630,357 |
| EFFECT OF CURRENCY TRANSLATION | (381) | - |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | 728,433 | 608,824 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS | | |
| Bank balances and deposits | 260,660 | 332,934 |
| Money market instruments (included in short term investments) | 467,773 | 275,890 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | 728,433 | 608,824 |

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited Financial Statements for the financial year ended 31 December 2005.)

RESORTS WORLD BHD
NOTES TO THE INTERIM FINANCIAL REPORT - SECOND QUARTER ENDED 30 JUNE 2006

Part I: Compliance with Financial Reporting Standard (FRS) 134

a) Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements. The financial information for the 6 months period ended 30 June 2006 have been reviewed by the Company's auditors in accordance with the International Standard on Review Engagements (“ISRE 2400”) - Engagements to Review Financial Statements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2005.

i) Changes in Accounting Policies

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2005 as well as the new/revised Malaysian Accounting Standards Board (“MASB”) approved accounting standards that are effective and applicable in the current financial year.

The MASB issued a total of 21 new/revised FRSs, of which 18 are applicable to financial statements for annual periods beginning on or after 1 January 2006.

In the current period, the Group adopted the following new/revised FRSs below, which are relevant to its operations. The 2005 comparatives have been restated as required, in accordance with the relevant requirements.

| | |
|---------|--|
| FRS 2 | Share-based Payment |
| FRS 3 | Business Combinations |
| FRS 5 | Non-Current Assets Held for Sale and Discontinued Operations |
| FRS 101 | Presentation of Financial Statements |
| FRS 102 | Inventories |
| FRS 108 | Accounting Policies, Changes in Estimates and Errors |
| FRS 110 | Events after the Balance Sheet Date |
| FRS 116 | Property, Plant and Equipment |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 127 | Consolidated and Separate Financial Statements |
| FRS 128 | Investments in Associates |
| FRS 131 | Interests in Joint Ventures |
| FRS 132 | Financial Instruments: Disclosure and Presentation |
| FRS 133 | Earnings Per Share |
| FRS 136 | Impairment of Assets |
| FRS 138 | Intangible Assets |
| FRS 140 | Investment Property |

The Group has not adopted the following FRSs which effective date of commencement is 1 October 2006:

| | |
|---------|---------------------------|
| FRS 117 | Leases |
| FRS 124 | Related Party Disclosures |

The adoption of the new/revised FRSs did not result in substantial changes to the Group's accounting policies other than the effects of the following FRSs:

| | |
|---------|--|
| FRS 2 | Share-based Payment |
| FRS 101 | Presentation of Financial Statements |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 140 | Investment Property |

The principal effects of the changes in accounting policies resulting from the adoption of the above FRSs by the Group is as discussed below:

(aa) FRS 2 Share-based Payment

An entity is required to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets or equity instruments of the entity.

The Company's Executive Share Option Scheme for Eligible Executives of Resorts World Bhd ("ESOS") is an equity-settled share-based compensation plan. Prior to 1 January 2006, no compensation expense was recognised in the income statement for share options granted. Effective on 1 January 2006, with the adoption of FRS 2, the fair value of employee services rendered in exchange for the grant of the share options is recognised as an expense over the vesting period. The fair value is measured by the use of a trinomial model. The total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of the each share option granted at the grant date and the number of share options vested by vesting date, with a corresponding increase in equity. Before the end of the vesting period, at each balance sheet date, the Group will revise its estimate of the number of share options that are expected to be vested at the vesting date and it recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement is made. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium account when the share options are exercised.

Under the transitional provision of FRS 2, this FRS is applied to share options that were granted after 31 December 2004 and had not vested on 1 January 2006. The financial impact to the Group arising from this change in accounting policy is as follows:

| | Quarter ended | | Period ended | |
|-----------------------------------|---------------|-----------|--------------|-----------|
| | 30.6.2006 | 30.6.2005 | 30.6.2006 | 30.6.2005 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Decrease in profit for the period | 32 | - | 86 | - |

(bb) FRS 101 Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of results in associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit for the period. A similar requirement is applicable to the statement of changes in equity where it requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the Company and to minority interest.

Share of results in associates is disclosed net of tax and minority interests on the consolidated income statement.

FRS 101 also requires the disclosure of certain items on the face of the consolidated balance sheet. The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with comparatives restated to conform with the current period's presentation (See Part I (a) (ii)).

(cc) FRS 121 The Effects of Changes in Foreign Exchange Rates

The financial statement of each entity in the Group is measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

Foreign currency transactions of each entity in the Group are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

On consolidation, the results and financial position of all the group entities which have a functional currency different from that of the parent company's functional currency are translated into the parent company's functional and presentation currency as follows:

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate;
- (2) income and expenses for each income statement are translated at average exchange rates; and
- (3) all resulting exchange differences are recognised as a separate component of equity.

Previously, for foreign operations, the monetary assets and liabilities are translated at the closing rate on the balance sheet date. All other balance sheet items are translated at historical rate. All resulting exchange differences are recognised in the income statement.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale. Previously, such exchange differences are taken into the income statement on the Group's financial statements.

The changes above are accounted for retrospectively. The comparative amounts as at 31 December 2005 are restated and the opening balance of unappropriated profits as at 1 January 2006 has been adjusted. The financial impact to the Group arising from this change in accounting policy is as follows:

| | As at 1.1.2006 RM'000 |
|------------------------------------|--------------------------------------|
| Increase in Associate | 62,402 |
| Decrease in Other Long Term Assets | (1,394) |
| Increase in Reserves | <u>61,008</u> |

As disclosed in Part I (a) (ii), certain comparatives have been restated due to this change in accounting policy.

(dd) FRS 140 Investment Property

FRS 140 defines an investment property as a property held for long-term rental yield and/or for capital appreciation and, that is not occupied by the companies in the Group. It is initially measured at cost, including direct transaction costs.

The Group adopted the cost model to measure all its investment properties. Under the cost model, investment property is measured at depreciated cost less any accumulated impairment losses.

Investment property previously classified under property, plant and equipment is now disclosed as a separate line item on the face of the consolidated balance sheet within non-current assets. In line with the revised requirements of FRS 101, the comparative is restated to conform with the current period's presentation (See Part I (a) (ii)). The effect to the Group arising from this change in accounting policy is as follows:

| | As at 1.1.2006 RM'000 |
|---|----------------------------------|
| Increase in Investment Properties | 22,254 |
| Decrease in Property, Plant and Equipment | <u>(22,254)</u> |

ii) Comparative Figures

The following comparative amounts have been restated due to the adoption of the new and revised FRSs:

| | As previously reported RM'000 | Part I Note | Effect of changes in accounting policies RM'000 | Restated RM'000 |
|--|--|------------------------|--|----------------------------|
| As at 31 December 2005 | | | | |
| Property, plant and equipment | 3,542,211 | (a)(i)(dd) | (22,254) | 3,519,957 |
| Investment properties | - | (a)(i)(dd) | 22,254 | 22,254 |
| Associates | 2,093,193 | (a)(i)(cc) | 62,402 | 2,155,595 |
| Other long term assets | 262,958 | (a)(i)(cc) | (1,394) | 261,564 |
| Reserves | 5,029,533 | (a)(i)(cc) | 61,008 | <u>5,090,541</u> |
| Second quarter ended 30 June 2005 | | | | |
| Share of results from associates | 10,198 | (a)(i)(bb) | (937) | 9,261 |
| Profit from ordinary activities before taxation | 399,577 | (a)(i)(bb) | (937) | 398,640 |
| Taxation | (73,207) | (a)(i)(bb) | 937 | (72,270) |
| Profit for the period | 326,465 | (a)(i)(bb) | (95) | 326,370 |
| Financial period ended 30 June 2005 | | | | |
| Share of results from associates | 16,378 | (a)(i)(bb) | (1,468) | 14,910 |
| Profit from ordinary activities before taxation | 663,691 | (a)(i)(bb) | (1,468) | 662,223 |
| Taxation | (136,367) | (a)(i)(bb) | 1,468 | (134,899) |
| Profit for the period | 527,514 | (a)(i)(bb) | (190) | <u>527,324</u> |

b) Disclosure of Audit Report Qualification and Status of Matters Raised

The audit report of the Group's annual financial statements for the year ended 31 December 2005 was not qualified.

c) Seasonal or Cyclical Factors

The business operations of the Group's leisure and hospitality division are subject to seasonal fluctuations. The results are affected by major festive seasons and holidays.

d) Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There has not arisen in the current financial period ended 30 June 2006 of any nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence except the over provision of income tax in respect of prior years as disclosed in note 5 of Part II to this financial report.

e) Material Changes in Estimates

There were no major changes in estimates of amounts reported in prior interim periods of the current quarter ended 30 June 2006 or that of prior financial years.

f) Changes in Debt and Equity Securities

The Company issued 1,505,000 new ordinary shares of 50 sen each, for cash, arising from the exercise of options granted under the Executive Share Option Scheme for Eligible Executives of Resorts World Bhd during the current financial period ended 30 June 2006 at the following exercise price:

| Exercise price (RM) | No. of options exercised during the year |
|----------------------------|---|
| 8.50 | 34,000 |
| 10.32 | <u>1,471,000</u> |
| | <u>1,505,000</u> |

g) Dividends Paid

No dividend has been paid for the current financial period ended 30 June 2006.

h) Segment Information

Segment analysis for the current financial period ended 30 June 2006 is set out below:

| | <u>Leisure & Hospitality</u> <u>RM' 000</u> | <u>Property</u> <u>RM' 000</u> | <u>Others</u> <u>RM' 000</u> | <u>Eliminations</u> <u>RM' 000</u> | <u>Total</u> <u>RM' 000</u> |
|--|--|-----------------------------------|---------------------------------|---------------------------------------|--------------------------------|
| <u>Revenue</u> | | | | | |
| External | 1,710,371 | 2,532 | 11,634 | - | 1,724,537 |
| Inter segment | 575 | 3,568 | 25,778 | (29,921) | - |
| | <u>1,710,946</u> | <u>6,100</u> | <u>37,412</u> | <u>(29,921)</u> | <u>1,724,537</u> |
| <u>Results</u> | | | | | |
| Segment profit | 544,548 | 1,167 | 16,750 | - | 562,465 |
| Interest income | | | | | 8,135 |
| Finance cost | | | | | (10,001) |
| Share of results in jointly controlled entity and associate | | | | | <u>(104,015)</u> |
| Profit from ordinary activities before taxation | | | | | 456,584 |
| Taxation | | | | | <u>(36,422)</u> |
| Profit for the period | | | | | <u>420,162</u> |

i) Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment since the last financial year ended 31 December 2005.

j) Material Events Subsequent to the end of Financial Period

There were no material events subsequent to the end of the current financial period ended 30 June 2006 that have not been reflected in this interim financial report.

k) Changes in the Composition of the Group

There have been no material changes in the composition of the Group for the current financial period ended 30 June 2006.

l) Changes in Contingent Liabilities or Contingent Assets

There were no material changes in the contingent liabilities or contingent assets since the last financial year ended 31 December 2005.

m) Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2006 are as follows:

| | RM'000 |
|---|---------------|
| Authorised property, plant and equipment expenditure not provided for in the financial statements : | |
| - contracted | 175,689 |
| - not contracted | 380,773 |
| | <hr/> |
| | 556,462 |
| | <hr/> <hr/> |

RESORTS WORLD BHD
ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA – SECOND QUARTER ENDED 30
JUNE 2006

Part II : Compliance with Appendix 9B of Bursa Malaysia Listing Requirements

1) Review of Performance

The results of the Group are tabulated below:

| | INDIVIDUAL QUARTER | | | PRECEDING QUARTER | | FINANCIAL YEAR TO DATE | | |
|--|--------------------|------------------|------------|-------------------|-----------|------------------------|----------------|------------|
| | 2Q2006 RM'Mil | 2Q2005 RM'Mil | % +/- | 1Q2006 RM'Mil | % +/- | 2006 RM'Mil | 2005 RM'Mil | % +/- |
| Revenue | | | | | | | | |
| Leisure & Hospitality | 895.3 | 803.1 | 11 | 815.1 | 10 | 1,710.4 | 1,596.0 | 7 |
| Property | 1.0 | 2.3 | -57 | 1.5 | -33 | 2.5 | 4.0 | -38 |
| Proceeds from sale of quoted shares* | - | 113.3 | >-100 | - | - | - | 113.3 | >-100 |
| Others | 2.9 | 3.2 | -9 | 8.7 | -67 | 11.6 | 11.3 | 3 |
| | 899.2 | 921.9 | -2 | 825.3 | 9 | 1,724.5 | 1,724.6 | 0 |
| Profit Before Tax | | | | | | | | |
| Leisure & Hospitality | 311.1 | 262.5 | 19 | 233.4 | 33 | 544.5 | 526.8 | 3 |
| Property | 0.6 | 1.1 | -45 | 0.6 | 0 | 1.2 | 1.9 | -37 |
| Others | 2.3 | 132.3 | -98 | 14.5 | -84 | 16.8 | 133.2 | -87 |
| | 314.0 | 395.9 | -21 | 248.5 | 26 | 562.5 | 661.9 | -15 |
| Interest income | 4.3 | 2.7 | 59 | 3.8 | 13 | 8.1 | 5.7 | 42 |
| Finance cost | (3.7) | (9.3) | 60 | (6.3) | 41 | (10.0) | (20.3) | 51 |
| Share of results in jointly controlled entity and associates | (57.5) | 9.3 | >-100 | (46.5) | -24 | (104.0) | 14.9 | >-100 |
| Profit before tax | 257.1 | 398.6 | -35 | 199.5 | 29 | 456.6 | 662.2 | -31 |

* The recognition method for sale of investments has been changed in the fourth quarter of 2005 from that of recognising the gross proceeds received from the disposal of such investments to that of recognising the difference between the proceeds of sale from these investments and its carrying amount in line with Financial Reporting Standard No. 125 "Accounting for investment".

The Group registered revenue and profit before tax of RM899.2 million and RM257.1 million respectively for the current quarter. This is a decrease of 2% and 35% respectively compared with the previous year's corresponding quarter.

The lower revenue in the current quarter is mainly due to a gain arising from the disposal of equity interest in London Clubs International plc ("LCI") amounting to RM113.3 million in the previous year's corresponding quarter. Excluding this, the revenue for the current quarter improved by 11% mainly due to the higher volume of business in the Leisure and Hospitality segment.

The Group registered revenue and profit before tax of RM1,724.5 million and RM456.6 million respectively for the current financial period ended 30 June 2006. Revenue remained stable for the financial period while profit before tax decreased by 31% compared with the previous financial period ended 30 June 2005. Included in the 2005 revenue was a gain arising from the disposal of equity interest in LCI amounting to RM113.3 million. Excluding this, the revenue for the current financial period improved by 7% mainly due to the higher volume of business in the Leisure and Hospitality segment.

The lower profit before tax in the current quarter and current financial period is mainly due to gains in the previous period arising from disposal of equity interest in LCI amounting to RM113.3 million and gains from disposal of other investments amounting to RM18.1 million. In addition, the lower profit was also due to share of losses incurred by Star Cruises Limited (“SCL”), an associate, amounting to RM57.5 million and RM104.0 million for the current quarter and current financial period respectively compared with a share of profit of RM8.4 million and RM14.1 million in the previous year’s corresponding quarter and financial period respectively.

2) ***Material Changes in Profit Before Taxation for the Current Quarter as compared with the Immediate Preceding Quarter***

The Group registered a profit before tax of RM257.1 million in the current quarter compared with RM199.5 million in the preceding quarter.

The higher profit is mainly due to the higher volume of business in the Leisure and Hospitality segment and improved luck factor in the premium player business in the current quarter.

3) ***Prospects***

In line with the Government’s continuing policy to promote Malaysia as an international tourist destination and barring unforeseen circumstances, the Group’s performance is expected to be satisfactory for the remaining period of the year.

4) ***Variance of Actual Profit from Forecast Profit***

The Group did not issue any profit forecast or profit guarantee for the year.

5) ***Taxation***

Taxation charges for the current quarter and current financial period ended 30 June 2006 are as follows:

| | <u>Current quarter ended 30 June 2006 RM'000</u> | <u>Current financial year-to-date ended RM'000</u> |
|-------------------------------------|---|---|
| Current taxation charge: | | |
| Malaysian income tax charge | 75,016 | 129,099 |
| Deferred tax charge | 5,328 | 8,416 |
| | <u>80,344</u> | <u>137,515</u> |
| Prior years’ taxation: | | |
| Income tax over provided | - | (101,100) |
| Deferred tax (over)/ under provided | (73) | 7 |
| | <u>80,271</u> | <u>36,422</u> |

The effective tax rate of the Group for the current quarter and current financial period, before the adjustment of taxation in respect of prior years, is higher than the statutory income tax rate mainly due to share of losses in an associate.

6) ***Profit on Sale of Unquoted Investments and/or Properties***

The results for the current financial period ended 30 June 2006 do not include any profit or loss on sale of unquoted investments and properties which are not in the ordinary course of business.

7) *Quoted Securities other than Securities in Existing Subsidiaries and Associates*

(a) There are no dealings in quoted securities for the financial period ended 30 June 2006.

(b) The details of the investments in quoted shares excluding subsidiaries and associates as at 30 June 2006 are set out below:

| | |
|-----------------------------------|---------------|
| | <u>RM'000</u> |
| Total investments at cost | 238,301 |
| Total investments at book value | 238,301 |
| Total investments at market value | 271,354 |

8) *Status of Corporate Proposals Announced*

On 21 June 2006, the Company announced that the shareholders of the Company had approved the proposed renewal of the authority for the purchase of own shares at the Twenty - Sixth Annual General Meeting of the Company held on 21 June 2006.

There were no other corporate proposals announced but not completed as at 23 August 2006.

9) *Group Borrowings and Debt Securities*

The details of the Group's borrowings are as set out below:

| | As at 30 June 2006 | | |
|-----------------------|---------------------------|--------------------------------------|-------------------------------|
| | | Foreign currency '000 | RM Equivalent '000 |
| Short term borrowings | Unsecured | USD24,837 | 91,278 |
| Long term borrowings | Unsecured | USD36,425 | 133,862 |
| | | | 225,140 |

10) Off Balance Sheet Financial Instruments

As at 23 August 2006, the Group has the following off balance sheet financial instruments:

(a) Foreign Currency Contracts

| Currency | Contract Amounts '000 | Transaction Date | Expiry Date |
|------------|-----------------------|------------------|----------------|
| US Dollars | 281 | 17 August 2006 | 24 August 2006 |

As the above foreign currency contracts are entered into to cover the Group's commitments in foreign currencies, the contracted rates will be used to translate the underlying foreign currency transactions into Ringgit Malaysia. The above contracts are entered into with licensed banks.

(b) USD Interest Rate Swap ("IRS")

- (i) On 25 April 2001, the Group had drawdown a loan amounting to USD200 million which was subjected to a floating interest rate based on LIBOR. Of these amounts, USD40 million was repaid on 25 April 2003 and a further USD80 million was repaid on 25 April 2005. The final repayment of USD80 million was made on 25 April 2006.
- (ii) On 27 November 2002, the Group had drawdown a loan amounting to USD53 million which was subjected to a floating interest rate based on LIBOR. Of these amounts, USD13.25 million was repaid on 29 November 2004 and a further USD13.25 million was repaid on 28 November 2005. The balance outstanding on this loan amounts to USD26.5 million.

The outstanding IRS agreements entered into by the Group in respect of the loan are as follows:

| Transaction Date | Effective Date of Commencement | Maturity Dates | Outstanding Contract Amounts USD '000 |
|------------------|--------------------------------|--------------------------|---------------------------------------|
| 11 June 2003 | 27 May 2003 | 27/11/2006 to 27/11/2007 | 12,734 |
| 16 January 2004 | 28 May 2004 | 27/11/2006 to 27/11/2007 | 13,766 |
| Total | | | 26,500 |

The above IRS effectively swap the interest rate payable from floating rate to floating rate in arrears subjected to a cap on the LIBOR of 5% per annum from the respective effective dates of commencement of contracts and up to their respective maturity dates.

- (iii) On 24 November 2003 and 11 December 2003, the Group had drawdown total loans amounting to USD46.35 million which were subjected to floating interest rates based on LIBOR. Of these amounts, USD9.0 million was repaid on 25 November 2005 and a further USD2.59 million was repaid on 12 December 2005. The balance outstanding on this loan amounts to USD34.76 million.

The outstanding IRS agreements entered into by the Group in respect of the loan are as follows:

| Transaction Date | Effective Date of Commencement | Maturity Dates | Outstanding Contract Amounts USD '000 |
|------------------|--------------------------------|--------------------------|--|
| 12 April 2004 | 24 May 2004 | 24/11/2006 to 24/11/2008 | 13,500 |
| 12 April 2004 | 11 June 2004 | 11/12/2006 to 11/12/2008 | 3,881 |
| 13 April 2004 | 24 May 2004 | 24/11/2006 to 24/11/2008 | 13,500 |
| 07 May 2004 | 11 June 2004 | 11/12/2006 to 11/12/2008 | 3,881 |
| Total | | | 34,762 |

The above swaps effectively fix the interest rate payable on that tranche of the loan from the respective effective dates of commencement of contracts and up to their respective maturity dates as set out above.

These instruments are executed with creditworthy financial institutions and the Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

The Group uses derivative financial instruments including interest rate swap and currency swap agreements in order to limit the Group's exposure in relation to its underlying debt instruments resulting from adverse fluctuations in interest rates or foreign currency exchange rates and to diversify sources of funding. The related interest differentials under the swap agreements are recognised over the terms of the agreements in interest expense.

11) Changes in Material Litigation

There are no pending material litigations as at 23 August 2006.

12) Dividend Proposed or Declared

(a) (i) An interim dividend for the half year ended 30 June 2006 has been declared by the Directors.

(ii) The interim dividend for the period ended 30 June 2006 is 12.0 sen per ordinary share of 50 sen each, less 28% tax.

(iii) The interim dividend declared and paid for the previous year corresponding period ended 30 June 2005 was 10.0 sen per ordinary share of 50 sen each, less 28% tax.

(iv) The interim dividend shall be payable on 27 October 2006.

(v) Entitlement to the interim dividend:

A Depositor shall qualify for entitlement to the interim dividend only in respect of:

(I) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 3 October 2006 in respect of ordinary transfers; and

(II) Shares bought on the Bursa Malaysia on a cum entitlement basis according to the rules of the Bursa Malaysia.

(b) Total dividend payable for the current financial year-to-date is 12.0 sen per ordinary share of 50 sen each, less 28% tax.

13) *Earnings per share (“EPS”)*

- (a) The earnings used as the numerator in calculating basic and diluted earnings per share for the current quarter and financial period ended 30 June 2006 are as follows:

| | <u>Current quarter</u> <u>RM'000</u> | <u>Current financial period ended 30 June 2006</u> <u>RM'000</u> |
|---|---|---|
| Profit for the financial period attributable to equity holders of the Company (used as numerator for the computation of Basic and Diluted EPS) | 176,879 | 420,359 |

- (b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share for the current quarter and financial period ended 30 June 2006 are as follow:

| | <u>Current quarter</u> <u>Number of shares</u> | <u>Current financial period ended 30 June 2006</u> <u>Number of shares</u> |
|---|---|---|
| Weighted average number of ordinary shares in issue (used as denominator for the computation of Basic EPS) | 1,092,978,752 | 1,092,498,235 |
| Adjustment for share options granted under the Executive Share Option Scheme For Eligible Executives of Resorts World Bhd | 2,587,325 | 2,689,168 |
| Weighted average number of ordinary shares in issue (used as denominator for the computation of Diluted EPS) | 1,095,566,077 | 1,095,187,403 |

TUN MOHAMMED HANIF BIN OMAR
Deputy Chairman
RESORTS WORLD BHD

30 August 2006