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SHANGRI-LA HOTELS (MALAYSIA) BERHAD
(10889-U)
(Incorporated in Malaysia)

ANNOUNCEMENT OF AUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Board of Directors of Shangri-La Hotels (Malaysia) Berhad wishes to announce the following :-

AUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	122,783	104,422	469,572	429,731
Operating profit before exceptional item	20,340	15,976	102,680	82,890
Exceptional item	-	-	-	-
Operating profit after exceptional item	20,340	15,976	102,680	82,890
Interest expense	(378)	(604)	(1,920)	(3,018)
Interest income	148	84	444	408
Share of results of an associated company	375	162	1,186	558
Profit before tax	20,485	15,618	102,390	80,838
Tax expense	(9,361)	(4,583) #	(30,353)	(21,307) #
Profit for the period/year	11,124	11,035 #	72,037	59,531 #
<u>Attributable to:</u>				
Shareholders of the Company	10,444	11,610 #	67,329	55,768 #
Minority interests	680	(575) #	4,708	3,763 #
	11,124	11,035 #	72,037	59,531 #
Basic Earnings per Ordinary Share (sen)	2.37	2.64 #	15.30	12.67 #
Diluted Earnings per Ordinary Share (sen)	NA	NA	NA	NA

Comparative figures have been adjusted due to retrospective application of MFRS 112 - Income Taxes, which is effective from 1 January 2012. Please refer to note A1.1 for more details.

(The audited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2011)

NA - not applicable

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ANNOUNCEMENT OF AUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012

AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year	11,124	11,035 #	72,037	59,531 #
Other comprehensive income/(expense) for the period/year	-	-	-	-
Total comprehensive income for the period/year	11,124	11,035 #	72,037	59,531 #
<i>Attributable to:</i>				
Shareholders of the Company	10,444	11,610 #	67,329	55,768 #
Minority interests	680	(575) #	4,708	3,763 #
	11,124	11,035 #	72,037	59,531 #

Comparative figures have been adjusted due to retrospective application of MFRS 112 - Income Taxes, which is effective from 1 January 2012. Please refer to note A1.1 for more details.

(The audited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2011)

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ANNOUNCEMENT OF AUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012

AUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000	As at 1.1.2011 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	730,885	731,059	745,351
Investment properties	269,280	266,899	266,846
Interest in associates	50,726	16,723	10,291
Property development expenditure	12,286	12,286	12,240
Deferred tax assets	2,142	5,587 #	9,761 #
	<u>1,065,319</u>	<u>1,032,554 #</u>	<u>1,044,489 #</u>
Current assets			
Inventories	8,911	8,809	8,754
Trade and other receivables, prepayments and deposits	29,138	23,938	24,796
Tax recoverable	1,061	1,765	3,246
Cash and cash equivalents	27,605	21,655	17,200
	<u>66,715</u>	<u>56,167</u>	<u>53,996</u>
Total assets	<u>1,132,034</u>	<u>1,088,721 #</u>	<u>1,098,485 #</u>
EQUITY			
Capital and reserves			
Share capital	440,000	440,000	440,000
Reserves	428,956	394,627 #	368,559 #
Total equity attributable to shareholders of the Company	<u>868,956</u>	<u>834,627 #</u>	<u>808,559 #</u>
Minority interests	86,563	82,855 #	79,932 #
Total equity	<u>955,519</u>	<u>917,482 #</u>	<u>888,491 #</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	-	5,306	46,258
Retirement benefits	14,694	13,404	12,878
Deferred tax liabilities	15,646	11,997 #	8,559 #
	<u>30,340</u>	<u>30,707 #</u>	<u>67,695 #</u>
Current liabilities			
Trade and other payables and accruals	83,042	75,887	81,414
Short-term borrowings	60,054	63,892	59,952
Current tax liabilities	3,079	753	933
	<u>146,175</u>	<u>140,532</u>	<u>142,299</u>
Total liabilities	<u>176,515</u>	<u>171,239 #</u>	<u>209,994 #</u>
Total equity and liabilities	<u>1,132,034</u>	<u>1,088,721 #</u>	<u>1,098,485 #</u>
Net Assets per Ordinary Share (RM) Attributable to Shareholders of the Company	1.97	1.90 #	1.84 #

Comparative figures have been adjusted due to retrospective application of MFRS 112 - Income Taxes, which is effective from 1 January 2012. Please refer to note A1.1 for more details.

(The audited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2011)

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(Incorporated in Malaysia)

ANNOUNCEMENT OF AUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2012

All figures in RM'000	Attributable to Shareholders of the Company			Total equity attributable to shareholders of the Company	Minority interests	Total equity
	Share capital	Share premium	Retained earnings			
	← Non-distributable →	← Distributable →				
Balance at 1 January 2011	440,000	104,501	264,058 #	808,559 #	79,932 #	888,491 #
Net profit for the year	-	-	55,768 #	55,768 #	3,763 #	59,531 #
Other comprehensive income/(expense) for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	55,768 #	55,768 #	3,763 #	59,531 #
Dividends paid						
- Final dividend for the financial year ended 31.12.2010 paid on 30.6.2011	-	-	(19,800)	(19,800)	-	(19,800)
- Interim dividend for the financial year ended 31.12.2011 paid on 23.11.2011	-	-	(9,900)	(9,900)	-	(9,900)
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	(840)	(840)
Balance at 31 December 2011	440,000	104,501	290,126 #	834,627 #	82,855 #	917,482 #
Balance at 1 January 2012	440,000	104,501	290,126 #	834,627 #	82,855 #	917,482 #
Net profit for the year	-	-	67,329	67,329	4,708	72,037
Other comprehensive income/(expense) for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	67,329	67,329	4,708	72,037
Dividends						
- Final dividend for the financial year ended 31.12.2011 paid on 28.6.2012	-	-	(19,800)	(19,800)	-	(19,800)
- Interim dividend for the financial year ended 31.12.2012 paid on 14.11.2012	-	-	(13,200)	(13,200)	-	(13,200)
Dividend payable to minority shareholder of a subsidiary	-	-	-	-	(1,000)	(1,000)
Balance at 31 December 2012	440,000	104,501	324,455	868,956	86,563	955,519

Comparative figures have been adjusted due to retrospective application of MFRS 112 - Income Taxes, which is effective from 1 January 2012. Please refer to note A1.1 for more details.

(The audited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2011)

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ANNOUNCEMENT OF AUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012

AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2012

	31.12.2012 RM'000	31.12.2011 RM'000
Profit before tax	102,390	80,838
Adjustments for non-cash flow:-		
Non-cash items	54,601	57,607
Non-operating items	1,476	2,610
Operating profit before changes in working capital	<u>158,467</u>	<u>141,055</u>
Changes in working capital		
Net change in current assets	(5,251)	890
Net change in current liabilities	6,995	(1,874)
Cash generated from operations	<u>160,211</u>	<u>140,071</u>
Income taxes paid	(20,229)	(12,394)
Retirement benefits paid	(1,288)	(1,305)
Net cash inflow from operating activities	<u>138,694</u>	<u>126,372</u>
Investing activities		
Interest income received	444	408
Purchase of property, plant and equipment	(54,150)	(46,118)
Additions to investment properties	(2,381)	(53)
Expenditure on property development	-	(46)
Net cash outflow from investing activities	<u>(56,087)</u>	<u>(45,809)</u>
Financing activities		
Dividends paid to shareholders of the Company	(33,000)	(29,700)
Dividend paid to minority shareholder of a subsidiary	(840)	-
Repayment of loans	(8,080)	(37,516)
Interest expense paid	(1,920)	(3,018)
Drawdown of loans to associates	(32,817)	(5,874)
Net cash outflow from financing activities	<u>(76,657)</u>	<u>(76,108)</u>
Net increase in cash & cash equivalents	<u>5,950</u>	<u>4,455</u>
Cash & cash equivalents at beginning of the year	21,655	17,200
Cash & cash equivalents at end of financial year	<u>27,605</u>	<u>21,655</u>
Cash and cash equivalents at end of financial year	27,605	21,655
Bank overdraft at end of financial year	-	-
Cash & cash equivalents in the consolidated balance sheet	<u>27,605</u>	<u>21,655</u>

(The audited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2011)

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ANNOUNCEMENT OF AUDITED CONSOLIDATED RESULTS
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NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”)

A1 First-time Adoption of Malaysian Financial Reporting Standards (“MFRS”)

The condensed consolidated interim financial statements of the Group for the current reporting period have been prepared in accordance with MFRS 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2011. These condensed consolidated interim financial statements also comply with IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”). For periods up to and including the financial year ended 31 December 2011, the financial statements of the Group have been prepared in accordance with Financial Reporting Standards (“FRS”).

The Group has adopted the MFRS framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia’s existing FRS framework with the International Financial Reporting Standards framework issued by the IASB.

A1.1 Significant Accounting Policies and Application of MFRS 1

These interim financial statements are for part of the period covered by the Group’s first MFRS annual financial statements and accordingly, the Group has applied MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards.

The adoption of the MFRS framework did not result in any substantial change to the Group’s accounting policies, nor any significant impact on the financial statements, as the accounting policies adopted by the Group under the previous FRS framework are consistent with the MFRS framework, except for the following:-

MFRS 112 – Income Taxes

MFRS 112 – Income Taxes requires that the Group recognises any unused investment tax allowance (“ITA”) incentive in respect of the Group’s hotels as deferred tax assets to the extent that it is probable that future taxable profit will be available against which the unused ITA can be utilised. Prior to the adoption of MFRS 112 – Income Taxes, the Group’s accounting policy was not to recognise any unused ITA as deferred tax assets.

In accordance with the transition provisions of MFRS 112, this change in accounting policy was applied retrospectively. Accordingly, 2011 comparative figures have been adjusted.

The financial effects on the Group’s financial statements arising from the adoption of MFRS 112 are as follows.

Balance Sheet	As at 1.1.2011 RM’000	As at 31.12.2011 RM’000
Increase in deferred tax assets	9,761	5,587
Increase in total assets	9,761	5,587
Increase in retained earnings	16,725	11,929
Increase in total equity attributable to shareholders of the Company	16,725	11,929
Increase in minority interests	1,322	325
Increase in total equity	18,047	12,254
Decrease in deferred tax liabilities	(8,286)	(6,667)
Increase in total equity and liabilities	9,761	5,587

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NOTES PURSUANT TO MFRS 134

A1.1 Significant Accounting Policies and Application of MFRS 1 (cont'd)

Income Statement	4th Quarter ended 31.12.2011 RM'000	Year ended 31.12.2011 RM'000
Increase in tax expense	1,591	5,793
Decrease in profit for the period/year	(1,591)	(5,793)
<u>Decrease in profit attributable to:</u>		
Shareholders of the Company		
Minority interests	(1,349)	(4,796)
	(242)	(997)

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**ANNOUNCEMENT OF AUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012**

NOTES PURSUANT TO MFRS 134

A1.1 Significant Accounting Policies and Application of MFRS 1 (cont'd)

In the preparation of the Group's opening MFRS statements of financial positions, the amounts previously reported in accordance with FRS framework have been adjusted for the financial effects of the adoption of the MFRS framework. A reconciliation of these changes is summarised in the tables below.

Reconciliation of Consolidated Balance Sheet as at 1 January 2011

	Under FRS Framework RM'000	Effect of Transition to MFRS (MFRS 112) RM'000	Under MFRS Framework RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	745,351	-	745,351
Investment properties	266,846	-	266,846
Interest in associates	10,291	-	10,291
Property development expenditure	12,240	-	12,240
Deferred tax assets	-	9,761	9,761
	1,034,728	9,761	1,044,489
Current assets			
Inventories	8,754	-	8,754
Trade and other receivables, prepayments and deposits	24,796	-	24,796
Tax recoverable	3,246	-	3,246
Cash and cash equivalents	17,200	-	17,200
	53,996	-	53,996
Total assets	1,088,724	9,761	1,098,485
EQUITY			
Capital and reserves			
Share capital	440,000	-	440,000
Share premium	104,501	-	104,501
Retained earnings	247,333	16,725	264,058
Total equity attributable to shareholders of the Company	791,834	16,725	808,559
Minority interests	78,610	1,322	79,932
Total equity	870,444	18,047	888,491
LIABILITIES			
Non-current liabilities			
Long-term borrowings	46,258	-	46,258
Retirement benefits	12,878	-	12,878
Deferred tax liabilities	16,845	(8,286)	8,559
	75,981	(8,286)	67,695
Current liabilities			
Trade and other payables and accruals	81,414	-	81,414
Short-term borrowings	59,952	-	59,952
Current tax liabilities	933	-	933
	142,299	-	142,299
Total liabilities	218,280	(8,286)	209,994
Total equity and liabilities	1,088,724	9,761	1,098,485

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NOTES PURSUANT TO MFRS 134

A1.1 Significant Accounting Policies and Application of MFRS 1 (cont'd)

Reconciliation of Consolidated Balance Sheet as at 31 December 2011

	Under FRS Framework RM'000	Effect of Transition to MFRS (MFRS 112) RM'000	Under MFRS Framework RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	731,059	-	731,059
Investment properties	266,899	-	266,899
Interest in associates	16,723	-	16,723
Property development expenditure	12,286	-	12,286
Deferred tax assets	-	5,587	5,587
	1,026,967	5,587	1,032,554
Current assets			
Inventories	8,809	-	8,809
Trade and other receivables, prepayments and deposits	23,938	-	23,938
Tax recoverable	1,765	-	1,765
Cash and cash equivalents	21,655	-	21,655
	56,167	-	56,167
Total assets	1,083,134	5,587	1,088,721
EQUITY			
Capital and reserves			
Share capital	440,000	-	440,000
Share premium	104,501	-	104,501
Retained earnings	278,197	11,929	290,126
Total equity attributable to shareholders of the Company	822,698	11,929	834,627
Minority interests	82,530	325	82,855
Total equity	905,228	12,254	917,482
LIABILITIES			
Non-current liabilities			
Long-term borrowings	5,306	-	5,306
Retirement benefits	13,404	-	13,404
Deferred tax liabilities	18,664	(6,667)	11,997
	37,374	(6,667)	30,707
Current liabilities			
Trade and other payables and accruals	75,887	-	75,887
Short-term borrowings	63,892	-	63,892
Current tax liabilities	753	-	753
	140,532	-	140,532
Total liabilities	177,906	(6,667)	171,239
Total equity and liabilities	1,083,134	5,587	1,088,721

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NOTES PURSUANT TO MFRS 134

A1.1 Significant Accounting Policies and Application of MFRS 1 (cont'd)

Reconciliation of Consolidated Income Statement for the 4th Quarter Ended 31 December 2011

	Under FRS Framework RM'000	Effect of Transition to MFRS (MFRS 112) RM'000	Under MFRS Framework RM'000
Revenue	104,422	-	104,422
Operating profit before exceptional item	15,976	-	15,976
Exceptional item	-	-	-
Operating profit after exceptional item	15,976	-	15,976
Interest expense	(604)	-	(604)
Interest income	84	-	84
Share of results of an associated company	162	-	162
Profit before tax	15,618	-	15,618
Tax expense	(2,992)	(1,591)	(4,583)
Profit for the period	12,626	(1,591)	11,035
<u>Attributable to:</u>			
Shareholders of the Company	12,959	(1,349)	11,610
Minority interests	(333)	(242)	(575)
	12,626	(1,591)	11,035
Basic Earnings per Share (sen)	2.95	(0.31)	2.64

Reconciliation of Consolidated Statement of Comprehensive Income for the 4th Quarter Ended 31 December 2011

	Under FRS Framework RM'000	Effect of Transition to MFRS (MFRS 112) RM'000	Under MFRS Framework RM'000
Profit for the period	12,626	(1,591)	11,035
Other comprehensive income/(expense) for the period	-	-	-
Total comprehensive income for the period	12,626	(1,591)	11,035
<u>Attributable to:</u>			
Shareholders of the Company	12,959	(1,349)	11,610
Minority interests	(333)	(242)	(575)
	12,626	(1,591)	11,035

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NOTES PURSUANT TO MFRS 134

A1.1 Significant Accounting Policies and Application of MFRS 1 (cont'd)

Reconciliation of Consolidated Income Statement for the Year Ended 31 December 2011

	Under FRS Framework RM'000	Effect of Transition to MFRS (MFRS 112) RM'000	Under MFRS Framework RM'000
Revenue	429,731	-	429,731
Operating profit before exceptional item	82,890	-	82,890
Exceptional item	-	-	-
Operating profit after exceptional item	82,890	-	82,890
Interest expense	(3,018)	-	(3,018)
Interest income	408	-	408
Share of results of an associated company	558	-	558
Profit before tax	80,838	-	80,838
Tax expense	(15,514)	(5,793)	(21,307)
Profit for the year	65,324	(5,793)	59,531
<u>Attributable to:</u>			
Shareholders of the Company	60,564	(4,796)	55,768
Minority interests	4,760	(997)	3,763
	65,324	(5,793)	59,531
Basic Earnings per Share (sen)	13.76	(1.09)	12.67

Reconciliation of Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2011

	Under FRS Framework RM'000	Effect of Transition to MFRS (MFRS 112) RM'000	Under MFRS Framework RM'000
Profit for the year	65,324	(5,793)	59,531
Other comprehensive income/(expense) for the year	-	-	-
Total comprehensive income for the year	65,324	(5,793)	59,531
<u>Attributable to:</u>			
Shareholders of the Company	60,564	(4,796)	55,768
Minority interests	4,760	(997)	3,763
	65,324	(5,793)	59,531

A1.2 Cash Flows

There are no differences between the statement of cash flows presented under MFRS and the statement of cash flows presented under FRS.

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ANNOUNCEMENT OF AUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012

NOTES PURSUANT TO MFRS 134

A1.3 Not Adopted by the Group

The following MFRS and amendments to MFRS issued by the MASB that are relevant have not yet been adopted by the Group. These MFRS and amendments are effective for annual periods beginning on or after 1 July 2012 unless otherwise stated:-

		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 7	Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2013
Amendments to MFRS 116	Property, Plant and Equipment	1 January 2013
Amendments to MFRS 132	Financial Instruments: Presentation	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 134	Interim Financial Reporting	1 January 2013

The adoption of the above MFRS and amendments to MFRS are not expected to have a material impact on the financial statements of the Group.

A2 Seasonal or Cyclical Factors

The business operations of the Group have not been materially affected by seasonal or cyclical factors during the financial year ended 31 December 2012.

A3 Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial year ended 31 December 2012.

A4 Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, which have a material effect on the financial statements for the fourth quarter ended 31 December 2012.

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ANNOUNCEMENT OF AUDITED CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2012

NOTES PURSUANT TO MFRS 134

A5 Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year ended 31 December 2012.

A6 Dividends Paid

A final dividend of 6% or 6 sen per share less tax at 25% for the financial year ended 31 December 2011 amounting to RM19.800 million was paid on 28 June 2012. An interim single tier dividend of 3% or 3 sen per ordinary share amounting to RM13.200 million for the year ended 31 December 2012 was paid on 14 November 2012.

A7 Segmental Reporting

The segmental analysis of the Group's results and assets are set out below.

For the year ended 31 December 2012 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
<u>Segment Revenue</u>					
Revenue from external customers	445,498	21,522	2,552	-	469,572
Inter-segment revenue	38,870	1,968	3,785	(44,623)	-
Total revenue	484,368	23,490	6,337	(44,623)	469,572
<u>Segment Results</u>					
Operating profit	129,736	13,143	5,811	(46,010)	102,680
Interest expense	(2,761)	-	(497)	1,338	(1,920)
Interest income	1,315	350	117	(1,338)	444
Share of results of an associated company	1,186	-	-	-	1,186
Profit before tax	129,476	13,493	5,431	(46,010)	102,390

As at 31 December 2012 <i>(All figures in RM'000)</i>	Hotels & Resorts	Investment Properties	Others	Inter-segment Elimination	Consolidated Total
<u>Segment assets</u>					
Segment assets	949,431	261,199	16,084	(145,406)	1,081,308
Interest in associates	50,726	-	-	-	50,726
Total assets	1,000,157	261,199	16,084	(145,406)	1,132,034

A8 Material Events Subsequent to the End of the Current Financial Period

In the opinion of the Directors, there was no item or event of a material or unusual nature which has occurred between 31 December 2012 and the date of this report that would materially affect the results of the Group for the financial year ended 31 December 2012.

A9 Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 December 2012.

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A10 Changes in Contingent Liabilities or Contingent Assets

In March 2012, the Company issued a corporate guarantee to Malayan Banking Berhad (“Maybank”) for an amount up to USD8.0 million in respect of a Short Term Revolving Credit (“STRC”) facility of USD8.0 million granted to Madarac Corporation (“Madarac”), the Company’s wholly-owned subsidiary incorporated in the British Virgin Islands.

Subsequently, on 6 September 2012, the Company has provided a corporate guarantee in favour of Maybank for an amount up to USD10.0 million in respect of an additional STRC facility of USD10.0 million granted to Madarac.

A11 Capital Commitments

Capital commitments for property, plant and equipment and investment properties not provided for as at 31 December 2012 are as follows:-

	RM’000
Authorised and contracted for	11,402
Authorised but not contracted for	234,056
	245,458

A12 Related Party Transactions

Year ended 31.12.2012
RM’000

Transactions with subsidiaries of the ultimate holding company

Payment of management, marketing and reservation fees to Shangri-La International Hotel Management Ltd and Shangri-La International Hotel Management Pte Ltd, wholly-owned subsidiaries of Shangri-La Asia Limited 14,153

Transactions with corporations in which Mdm Kuok Oon Kwong, a Director of the Company, has direct or indirect financial interests

- Office rental income received from Kuok Brothers Sdn Bhd, PPB Group Berhad, PPB Oil Palms Berhad, PGE0 Marketing Sdn Bhd and Chemquest Sdn Bhd 1,313

- Payment of project management fees to PPB Hartabina Sdn Bhd 58

Transactions with associates of the Group

Additional loans granted by Madarac Corporation, the Group’s wholly-owned subsidiary incorporated in the British Virgin Islands to its associated companies in Myanmar 32,817

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APPENDIX 9B

B1 Review of Group Results Full Year 2012 vs Full Year 2011

For the twelve months to 31 December 2012, Group revenue rose by 9% to RM469.572 million from RM429.731 million in the year ended 31 December 2011. The Group's profit before tax for the full year was RM102.390 million, an increase of 27% compared with RM80.838 million in 2011. Group profit attributable to shareholders for 2012 of RM67.329 million was 21% ahead of RM55.768 million the previous year.

The Group's overall financial performance for 2012 was mainly boosted by a strong growth in the operating results of Shangri-La Hotel Kuala Lumpur, and the significantly higher contributions from Rasa Ria Resort with the completion of the major renovation programme for its Garden Wing guestrooms in May 2012.

In the year, Shangri-La Hotel Kuala Lumpur posted revenue growth of 15% to RM185.476 million, underpinned by robust business levels in both rooms and food and beverage operations. For 2012, the hotel made a pre-tax profit of RM42.309 million, 31% above that of RM32.349 million in 2011. Occupancy at the hotel was 77%, up from 71% the previous year.

The major work to upgrade the Garden Wing guestrooms at Rasa Ria Resort, which began in March 2011 was fully completed in May 2012, enabling the resort to grow its occupancy to 60% from 56% in 2011. Overall, revenue from the resort for 2012 increased by 9% to RM88.451 million and pre-tax profit grew by 49% to RM15.688 million compared with RM10.511 million in the prior year.

Rasa Sayang Resort also delivered a good operating result in 2012, generating a 5% growth in revenue to RM73.925 million on the back of a higher occupancy level of 64% versus 60% last year. The resort ended the year with an operating profit of RM16.261 million, 9% better than RM14.857 million in 2011.

At Golden Sands Resort, occupancy rose from 69% in 2011 to 73%, contributing to a 4% rise in revenue to RM54.049 million. The resort recorded a pre-tax profit for 2012 of RM14.457 million, an improvement of 9% against RM13.238 million in 2011.

The results of Traders Hotel Penang benefited from a healthy pick up in corporate business. Occupancy at the hotel for the year reached 86%, with revenue up by 4% over 2011 to RM39.286 million. The hotel's pre-tax profit showed a 10% growth to RM7.571 million from RM6.896 million last year.

The Group's investment properties in Kuala Lumpur had combined rental revenue of RM23.490 million, 12% higher than RM20.965 million in 2011, with a combined pre-tax profit of RM13.493 million compared to RM11.728 million the previous year. Growth came from improved contributions from UBN Tower, as a result of stronger occupancy levels.

In the year ended 31 December 2012, the Group's share of profit from Traders Hotel Yangon, its 23.53% associate hotel in Myanmar increased to RM1.186 million from RM0.558 million in 2011.

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APPENDIX 9B

B2 Comparison of Group Results 4th Quarter 2012 vs 3rd Quarter 2012

The Group's revenue for the fourth quarter ended 31 December 2012 of RM122.783 million was below that of RM123.032 million in the third quarter ended 30 September 2012, mostly due to a decline in revenue at Rasa Ria Resort. Group profit before tax in the fourth quarter was RM20.485 million, a decrease of 36% from RM31.995 million for the third quarter 2012, primarily reflecting reduced profit contributions from Rasa Ria Resort and Shangri-La Hotel Kuala Lumpur.

In the fourth quarter, Rasa Ria Resort saw its occupancy drop to 60% from 78% in the 2012 third quarter in response to weaker levels of leisure demand. Consequently, revenue from the resort fell by 29% in the fourth quarter to RM21.917 million resulting in a sharply lower pre-tax profit of RM0.767 million. At Shangri-La Hotel Kuala Lumpur, revenue grew by 6% against the third quarter 2012, though this was offset by an increase in operating expenses, which led to a 26% reduction in pre-tax profit to RM7.015 million.

Elsewhere, Rasa Sayang Resort achieved good levels of revenue and profit growth during the fourth quarter, largely driven by stronger food and beverage business. There were also better results from Golden Sands Resort and Traders Hotel Penang, helped by increased occupancy levels. Occupancy for Golden Sands Resort in the fourth quarter moved up to 78% from 77%, whilst Traders Hotel Penang had a higher occupancy of 92% versus 88% in the third quarter 2012.

The combined rental revenue from the Group's investment properties in Kuala Lumpur for the three-month period to 31 December 2012 was RM6.283 million, up 2% as compared to RM6.130 million in the third quarter 2012.

B3 Prospects for 2013

Despite the ongoing uncertainty in the economic environment, demand levels in the business and leisure travel markets are showing encouraging momentum. The Group's hotels and resorts are well placed to benefit from these trends.

To stay at the forefront, plans are underway for Traders Hotel Penang to undertake a major upgrade of its guestrooms, and for Rasa Sayang Resort to conduct a programme of refurbishment to its Garden Wing guestrooms, both of which are currently scheduled to take place sometime in the second half of 2013. In Sabah, Rasa Ria Resort will be embarking on a major extension programme in March 2013 to add two more blocks of guestrooms to its Ocean Wing, with completion anticipated in late 2014. As part of this extension project, enhancement works are also being planned to be carried out in the fourth quarter of 2013 to refresh the existing guestrooms as well as to revamp some public areas in the Ocean Wing. These major works are expected to cause business disruptions at the three hotels.

As for the Group's investment properties, operating conditions in the prime office rental market in Kuala Lumpur are likely to remain broadly stable, and this should assist UBN Tower to make further progress in 2013. The outlook for UBN Apartments however, remains challenging in a weak market.

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B4 Variance on Profit Forecast/Profit Guarantee

Not applicable.

B5 Taxation

The tax charge of the Group for the financial year under review is as follows:-

	3 months ended		12 months ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Current taxation				
- Company and subsidiaries	7,811	1,724	22,977	14,318
Deferred taxation	(204)	3,398 #	5,611	8,206 #
Under/(Over) provision in respect of prior years				
- Company and subsidiaries	1,754	(539)	1,765	(1,217)
	9,361	4,583 #	30,353	21,307 #

Comparative figures have been adjusted due to the retrospective application of MFRS 112 – Income Taxes, which is effective from 1 January 2012. Please refer to note A1.1 for more details.

The Group's tax charge for the financial year 2012 was RM30.353 million, equivalent to an effective tax rate of 30%. This rate was higher than the statutory tax rate of 25% mainly as a result of under-provision of deferred taxation in respect of prior years and certain non-deductible expenses.

B6 Status of Corporate Proposals

There were no corporate proposals and unutilised proceeds raised from any corporate proposals as at the date of this report.

B7 Group Borrowings and Debt Securities

Group borrowings as at 31 December 2012 comprise the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured	-	-	-
Unsecured	60,054*	-	60,054
	60,054*	-	60,054

* Amounts drawdown include HKD50.600 million from an offshore bank in Labuan and USD10.756 million from a local bank.

There were no debt securities in the financial year ended 31 December 2012.

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B8 Financial Instruments

Derivatives

There were no outstanding derivative financial instruments as at 31 December 2012.

Gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities for the financial year ended 31 December 2012.

B9 Changes in Material Litigation

There was no material litigation pending as at the date of this report.

B10 Dividend

The Directors are recommending a final single tier dividend of 7% or 7 sen per ordinary share (2011: final dividend of 6% or 6 sen per share less tax of 25%) in respect of the financial year ended 31 December 2012 for approval by shareholders at the forthcoming Annual General Meeting of the Company to be held on Monday, 20 May 2013.

This proposed final dividend, together with the interim single tier dividend of 3% or 3 sen per ordinary share paid on 14 November 2012, will give a total single tier dividend of 10% or 10 sen, for the financial year ended 31 December 2012 (2011: 9% or 9 sen less tax). The proposed final dividend, if approved at the Annual General Meeting will be paid on Friday, 28 June 2013.

NOTICE IS HEREBY GIVEN that the final single tier dividend will be payable to shareholders whose names appear on the Record of Depositors on Monday, 3 June 2013.

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

- (i) Shares transferred into the Depositor's securities account before 4.00 p.m. on Monday, 3 June 2013 in respect of transfers.
- (ii) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

B11 Earnings per Share

The basic earnings per ordinary share for the financial year ended 31 December 2012 has been calculated as follows:-

	3 months ended		12 months ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Profit attributable to shareholders of the Company (RM'000)	10,444	11,610 #	67,329	55,768 #
No. of ordinary shares in issue ('000)	440,000	440,000	440,000	440,000
Basic Earnings Per Share (sen)	2.37	2.64 #	15.30	12.67 #

Comparative figures have been adjusted due to the retrospective application of MFRS 112 – Income Taxes, which is effective from 1 January 2012. Please refer to note A1.1 for more details.

Diluted Earnings per Share

Not applicable.

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B12 Realised and Unrealised Profits/Losses

	As at 30.12.2012 RM'000	As at 31.12.2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	267,677	213,831
- Unrealised	61,339	71,194 #
	329,016	285,025 #
Total share of accumulated losses in an associated company		
- Realised	(52,323)	(53,509)
- Unrealised	-	-
	276,693	231,516 #
Add : Consolidation adjustments	47,762	58,610 #
Total Group retained profits	324,455	290,126 #

Comparative figures have been adjusted due to the retrospective application of MFRS 112 – Income Taxes, which is effective from 1 January 2012. Please refer to note A1.1 for more details.

B13 Notes to the Statement of Comprehensive Income

	3 months ended		12 months ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
Net profit for the period/year is arrived at after charging:-				
Interest expense	(378)	(604)	(1,920)	(3,018)
Depreciation	(13,633)	(10,216)	(53,220)	(48,325)
Foreign exchange loss	-	(372)	(2,366)	-
Allowance for doubtful debts				
- loans to associates	-	-	-	(2,560)
and after crediting:-				
Interest income	148	84	444	408
Foreign exchange gain	374	-	-	2,193
Write back of allowance for doubtful debts				
- loans to associates	21	520	3,825	-
- trade receivables	2	136	51	87

Other than the above which have been included in the statement of comprehensive income, there were no impairment of assets, gain or loss on disposal of quoted or unquoted investments or properties and exceptional items for the financial year ended 31 December 2012.

B14 Audit Report of the Group's Preceding Annual Financial Statements

There was no qualification in the audit report of the Group's financial statements for the year ended 31 December 2011.

By Order of the Board
Datin Rozina Mohd Amin
Company Secretary

Kuala Lumpur
27 February 2013