

news release

Mandarin Oriental International Limited

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To: Business Editor

1st March 2012
For immediate release

The following announcement was issued today to a Regulatory Information Service approved by the Financial Services Authority in the United Kingdom.

MANDARIN ORIENTAL INTERNATIONAL LIMITED 2011 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights

- Improved profitability, particularly in Hong Kong
- Significant contribution from *The Residences at Mandarin Oriental* in London
- Successful opening of Paris hotel
- New project announced in Bodrum, Turkey

“While levels of demand improved in 2011, current economic challenges in Europe and the United States may impact some of the Group’s markets in 2012. Results should, however, benefit from a recovery of demand in Tokyo and a full year of trading in Paris. Over the longer term, Mandarin Oriental will benefit from the strength of its brand, the limited new supply of luxury hotels in its key markets and the phased opening of hotels in its portfolio.”

Simon Keswick, *Chairman*
1st March 2012

Results

	Year ended 31st December		
	2011 US\$m	2010 US\$m	Change %
Combined total revenue of hotels under management ⁽¹⁾	1,196.4	1,025.5	+17
Underlying EBITDA (Earnings before interest, tax, depreciation and amortization) ⁽²⁾	163.0	136.4	+20
Underlying profit attributable to shareholders ⁽³⁾	59.0	44.4	+33
Profit attributable to shareholders	67.5	44.4	+52
	US¢	US¢	%
Underlying earnings per share ⁽³⁾	5.92	4.48	+32
Earnings per share	6.78	4.48	+51
Dividends per share	6.00	5.00	+20
	US\$	US\$	%
Net asset value per share	0.91	0.90	+1
Adjusted net asset value per share ⁽⁴⁾	2.70	2.33	+16
Net debt/shareholders’ funds	12%	16%	
Net debt/adjusted shareholders’ funds ⁽⁴⁾	4%	6%	
(1) Combined revenue includes turnover of the Group’s subsidiary hotels in addition to 100% of revenue from associate, joint venture and managed hotels.			
(2) EBITDA of subsidiaries plus the Group’s share of EBITDA of associates and joint ventures.			
(3) Underlying profit attributable to shareholders and underlying earnings per share exclude non-trading items such as gains on disposals and provisions against asset impairment.			
(4) The adjusted net asset value per share and net debt/adjusted shareholders’ funds have been adjusted to include the market value of the Group’s freehold and leasehold interests which are carried in the consolidated balance sheet at amortized cost.			

The final dividend of US\$4.00 per share will be payable on 16th May 2012, subject to approval at the Annual General Meeting to be held on 9th May 2012, to shareholders on the register of members at the close of business on 16th March 2012. The ex-dividend date will be on 14th March 2012, and the share registers will be closed from 19th to 23rd March 2012, inclusive.

- more -

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MANDARIN ORIENTAL INTERNATIONAL LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2011

OVERVIEW

Increased demand throughout 2011 led to improved performances in most of the Group's markets, which helped offset the impact on earnings of reduced occupancy in Tokyo following the earthquake and tsunami and the pre-opening costs in Paris. Most Group hotels maintained or enhanced their competitive positions, and the strength of the brand was further demonstrated by an increase in the number of leading awards received.

PERFORMANCE

Underlying earnings before interest, tax, depreciation and amortization ('EBITDA') for 2011 were US\$163 million, an increase of US\$27 million from 2010. The 2011 result includes US\$16 million of branding fees received following the completion of *The Residences at Mandarin Oriental, London* offset in part by US\$13 million of pre-opening expenses in Paris.

Underlying profit was up 33% at US\$59 million in 2011, and underlying earnings per share were 32% higher at US\$5.92.

Profit attributable to shareholders was US\$67 million. This included US\$8 million of net non-trading profit, with the principal item being a gain of some US\$10 million representing the value of a long-term leasehold interest in part of *The Residences at Mandarin Oriental, London* which was granted by the developer to the Group at no cost. There were no non-trading items in 2010.

The Group's balance sheet remains strong. After taking into account an independent valuation of the Group's hotel properties, the net asset value per share was US\$2.70 at 31st December 2011, compared with US\$2.33 at the end of 2010.

The Directors recommend a final dividend of US\$4.00 per share. This, together with the interim dividend of US\$2.00 per share, will make a total annual dividend of US\$6.00 per share, an increase of US\$1.00 per share from 2010.

GROUP REVIEW

Profitability improved across most of Mandarin Oriental's portfolio, particularly in Asia and Europe.

In Hong Kong, robust demand at the Group's two wholly-owned hotels led to improved occupancy, rates and profitability. Revenue per available room ('RevPAR') increased at Mandarin Oriental, Hong Kong by 14% and at The Excelsior by 18%. In Tokyo, occupancy fell to 50% from 64% in 2010, although some improvement was seen towards the end of the year. Singapore continued to benefit from a growing number of visitors to the city, but the performance in Bangkok was adversely affected in the last quarter of the year by the floods in Thailand.

In Europe, most of the Group's hotels benefited from an increase in demand, with particularly strong performances in London and Munich. Mandarin Oriental, Paris opened in June to considerable acclaim. The 138-room property is positioned as one of the best hotels in the city and has been well received.

In The Americas, business levels improved across the portfolio, although the rate of RevPAR growth was lower than in the Group's other regions.

DEVELOPMENT

The Group's next planned hotel opening is in Guangzhou in the second half of 2012. This will be followed in 2013 by Taipei, Milan and Shanghai. The Group has recently announced that it will manage a new 102-room hotel with *Residences* in Bodrum, Turkey, which is expected to open in 2014.

Mandarin Oriental now has 27 hotels in operation. It has a further 15 hotels under development, all of which will be operated under long-term management contracts that require no capital investment by the Group. In addition, the Group operates, or has under development, 13 *Residences at Mandarin Oriental* which are connected to its properties.

PEOPLE

On behalf of the Directors, I would like to acknowledge the contribution of all employees throughout the Group for continuing to provide exceptional levels of service to our guests.

R.C. Kwok and Sydney Leong retired as Directors of the Company on 12th May and 31st December 2011, respectively. Anthony Nightingale will step down as Managing Director at the end of March 2012, and will remain as a non-executive Director. On behalf of the Board, I would like to thank them for their significant contributions to the Group. On 1st March 2012 Lincoln Leong was appointed a Director of the Company. Joining the Board on 1st April 2012 will be Ben Keswick as Managing Director and Adam Keswick as a Director.

OUTLOOK

While levels of demand improved in 2011, current economic challenges in Europe and the United States may impact some of the Group's markets in 2012. Results should, however, benefit from a recovery of demand in Tokyo and a full year of trading in Paris. Over the longer term, Mandarin Oriental will benefit from the strength of its brand, the limited new supply of luxury hotels in its key markets and the phased opening of hotels in its portfolio.

Simon Keswick

Chairman

1st March 2012

GROUP CHIEF EXECUTIVE'S REVIEW

BUSINESS MODEL AND STRATEGY

Mandarin Oriental Hotel Group is an award-winning international hotel investment and management group with deluxe and first class hotels, resorts and residences in sought-after destinations around the world. The Group now operates, or has under development, 42 hotels representing over 10,000 rooms in 27 countries, with 18 hotels in Asia, 12 in The Americas and 12 in Europe and the Middle East. In addition, the Group operates, or has under development, 13 *Residences at Mandarin Oriental* connected to its properties. The Group has equity interests in a number of its properties and adjusted net assets worth approximately US\$2.7 billion as at 31st December 2011. Capitalizing on the strength of its brand, the Group operates hotels on behalf of third party owners that require no equity investment by the Group.

The Group's strategy is to be recognized widely as the best global luxury hotel group, which it will achieve by investing in its exceptional facilities and its people while continuing to seek further selective opportunities for expansion around the world. This strategy combined with a strong balance sheet is designed to achieve long-term growth in both earnings and net asset value.

PROGRESS ACHIEVED

In 2011, the Group's overall results benefited from increased demand which led to higher occupancies in most of the Group's markets. This in turn enabled almost every hotel across the portfolio to raise their rates in local currency terms over the previous year. Performances were particularly strong throughout Europe and Asia, principally in Hong Kong, which helped to offset the impact of pre-opening expenses for our new hotel in Paris as well as the losses incurred in Tokyo following the earthquake in March 2011. Our hotels continue to benefit from the increasing number of high net worth leisure travellers who are attracted by the growing recognition of the Mandarin Oriental brand. The Group experienced improved demand from its traditional markets, as well as growth from developing markets, predominantly China, which is now the second largest source of business after the United States, accounting for 13% of Mandarin Oriental's total room nights.

The Group's global brand recognition was further enhanced in 2011 with the opening of

Mandarin Oriental, Paris in June, on the prestigious rue Saint-Honoré, achieving significant global publicity. Operated under a long-term lease, the 138-room hotel is being positioned as one of the best in the city and has achieved an average rate of close to €950 in its first six months of operation. The hotel's food and beverage concepts led by celebrity chef Thierry Marx have also been well received. Having a strong brand presence in the top 'world' cities of London, New York and Paris is crucial to all luxury brands, and Mandarin Oriental will continue to benefit from the prominent exposure our hotels have achieved in these important destinations.

In addition, the Group announced a new management contract in February 2012, for a luxury resort with *Residences at Mandarin Oriental*, currently under construction in a coastal setting in Bodrum, Turkey.

The recognition and credibility of the Mandarin Oriental brand internationally, together with our financial strength, places the Group in a strong position to take advantage of future growth opportunities.

PERFORMANCE IN 2011

Set out below is a review of the Group's performance in 2011, with reference to the following strategic objectives:

- Being recognized as the world's best luxury hotel group
- Strengthening our competitive position
- Increasing the number of rooms under operation to 10,000
- Achieving a strong financial performance

1. Being recognized as the world's best luxury hotel group

Mandarin Oriental is increasingly recognized for creating some of the world's most sought-after properties, delivering 21st century luxury with oriental charm. Each of our hotels ensures its position at the top of its market by delivering the Group's unique style of luxury, through a combination of tradition, quality and innovation. Throughout the portfolio, the Group invested behind our core brand attributes of creative hotel design, architecture and technology, holistic spa operations and excellent dining experiences. Above all, the delivery of legendary service to our guests remains at the core of everything we do.

The Group's increasing global recognition in 2011 is evidenced by the achievement of many significant awards from respected travel associations and publications worldwide. Highlights included a record of ten hotels being awarded in the 2012 *Forbes Travel Guide*, with six gaining the top 'Five Star Hotel' status. *Condé Nast Traveler US* 'Readers Choice Awards' 2011 featured 14 hotel awards, and 'The World's Best' 2011 from *Travel + Leisure* included winning entries for nine of our hotels. Nine hotels also featured in the prestigious *Institutional Investor's* 'World's Best 2011' listings. The Group's growing brand awareness in mainland China was also recognized with The Landmark Mandarin Oriental, Hong Kong and our properties in Sanya and Macau being listed in several prestigious publications such as *The Hurun Report* and *Condé Nast Traveler US*.

The Group's reputation for excellent dining experiences has been further acknowledged with ten restaurants being honoured, and a total of 12 stars awarded, in the most recent 2012 *Michelin* guides, including three at Mandarin Oriental, Hong Kong alone. Mandarin Oriental Hyde Park, London's newest restaurant *Dinner*, was awarded one Michelin star and was also voted 'Best New Restaurant' in *Tatler*, UK's annual Dining Awards. *Amber* at The Landmark Mandarin Oriental, Hong Kong was voted one of the 'Top 50 Restaurants' in the world in the respected *San Pellegrino* listings.

The Group's overall spa operations were also recognized in 2011 with Mandarin Oriental being nominated for the fourth consecutive year as 'Best Spa Brand' in *SpaFinder's* 2011 'Readers' Choice Awards'. The prestigious *Forbes* 'Five Star Spa' award has also been granted to a record eight hotels, including the Group's newest spas at Mandarin Oriental, Macau and Singapore. This is more than any other hotel group in the world.

Mandarin Oriental's newly opened hotel in Paris was highlighted in *Condé Nast Traveler*, *Spain's* 'Hot List' and received the coveted 'Best Business Hotel' by *Wallpaper* magazine in its first few months of operation. Once again, Mandarin Oriental's hotels in New York, Boston, Las Vegas and Miami achieved the 'Five Diamond Lodging Award' for 2012 from the *American Automobile Association*.

Mandarin Oriental's global recognition is further enhanced by the Group's award-winning international advertising campaign which now features 23 celebrity 'fans', who

regularly stay in our hotels. The campaign has grown in popularity since its launch in 2000, and in 2011, an additional three well-known personalities were introduced as fans: Kevin Spacey, the legendary actor and director; Sophie Marceau, the famous French actress; and shoe designer, Christian Louboutin.

Mandarin Oriental's goal, to be recognized as the world's best luxury hotel group, will be further accomplished as we increase the number of hotels we operate in new and exciting travel destinations.

2. Strengthening our competitive position

While better conditions in all markets in 2011 resulted in improved profitability across most of the Group, critical to our success is the focus of every hotel on maintaining or enhancing their leadership positions against primary competitors in their individual markets. Achieving a top competitive position in every destination reflects the strength of our hotel management teams combined with our strong brand recognition plus the added support provided by an established corporate structure. Our position has been further supported by limited new supply in many of the key markets in which we operate.

Demographic trends continue to support the Group's strategy of creating quality services and facilities which allows our properties to compete effectively and to achieve premium rates. Over the last few years, Mandarin Oriental's operational and marketing focus has been on attracting leisure travellers who are looking for meaningful luxury experiences that are of value. As a result, higher-spending leisure customers make up more than 40% of the Group's room nights, and this successful shift in consumer demand has resulted in an increase in the Group's average rate across the portfolio.

The highlights of each region are as follows:

Asia

Increasing demand across the region, with the exception of Tokyo, resulted in a strong performance in Asia, particularly in Hong Kong. Overall, Revenue per Available Room ('RevPAR') for Asia was up by 14% in US dollar terms over the previous year on a like-for-like basis.

The 100%-owned Mandarin Oriental, Hong Kong improved its operating performance, benefiting from strong city-wide activity and an increase in demand, particularly from the corporate segment. As a result, the hotel achieved a 14% RevPAR improvement over 2010. Food and beverage revenues also improved, with a 20% increase over the prior year. Both Mandarin Oriental, Hong Kong and The Landmark Mandarin Oriental received the coveted 'Five Star' rating in the *Forbes Travel Guide 2012* for both the hotel and spa, for the third year in succession.

The Excelsior, the Group's other 100%-owned hotel in Hong Kong, successfully maintained its leading competitive position and achieved an overall RevPAR gain of 18% as a result of both occupancy and average rate increases. Occupancy, at 89%, has returned to historical levels.

In Tokyo, our hotel's performance was negatively affected by the impact of the earthquake and subsequent tsunami in March 2011. Visitor arrivals to the city plummeted in the immediate aftermath of the disaster, resulting in a significant drop in occupancy at the hotel, which only started to recover at the end of the year. Nonetheless the hotel maintained its competitive position and was voted 'Best Hotel in Japan' in the 2011 *International Hotel Awards*.

In Singapore, the strong city-wide demand that began in 2010 continued throughout 2011, driving further increases in average rate at our hotel, which led to an overall RevPAR improvement of 14% in local currency terms. Mandarin Oriental, Singapore was the only property in the city to achieve *Forbes* 'Five Star' status in the annual *Forbes Travel Guide 2012* for both the hotel and its spa.

Mandarin Oriental, Bangkok's performance was adversely impacted by the serious flooding in northern Thailand in the last quarter of 2011. Nonetheless, occupancy levels for the full year were above levels achieved in 2010, resulting in an overall RevPAR improvement of 10% in local currency terms. The hotel remains the market leader in the city and was once again recognized as one of the world's best hotels in the most important travel awards, including 'Best City Hotel In Asia' in *Travel + Leisure's 2011* 'World's Best Awards'.

Mandarin Oriental, Jakarta continued to build occupancy following its comprehensive renovation which was completed in 2010. The hotel's competitive position has improved and it achieved an overall increase in RevPAR of 42% in local currency terms.

Mandarin Oriental, Macau, which opened in June 2010, improved its performance in its first full year of operation, achieving an overall occupancy of 63%, up from 49% at the end of 2010. The hotel is already establishing itself as a leader in luxury hospitality in the territory and was voted one of the 'Best Business Hotels' in *Business Traveller, Asia Pacific*. The hotel's spa also achieved *Forbes* 'Five Star' status. During 2011, the 92 *Residences and Apartments* located above the hotel were launched, resulting in branding fees from the continued sales.

Throughout the rest of Asia, our hotels took full advantage of the stronger demand with RevPAR up in all other locations, except Kuala Lumpur which was unchanged from 2010.

Europe

In Europe, the Group's hotels competed effectively at the top of their markets and improved their performances as a result of resilient demand and limited supply. Consequently, overall RevPAR for Europe increased by 20% in US dollar terms on a like-for-like basis over 2010, with a combined average rate which now exceeds US\$700.

Mandarin Oriental Hyde Park, London's performance was bolstered by strong demand, particularly from leisure travellers from both traditional and new markets. Occupancy remained high at 80% and the hotel successfully achieved a 15% increase in average rate, at £538, resulting in an overall RevPAR increase of 14% in local currency terms. The hotel's food and beverage revenues also improved significantly following the launch of *Dinner*, Heston Blumenthal's first London operation, at the beginning of 2011. This followed the successful opening of *Bar Boulud* in May 2010. Both restaurants have already garnered an array of distinctive awards.

The 86 *Residences at Mandarin Oriental, London*, which opened at *One Hyde Park* to great acclaim in January 2011, generated US\$16 million of one-off branding fees for the Group. In addition, the Group benefited from a non-trading gain of approximately US\$10 million, following the grant to the Group by the developer of *One Hyde Park* of a

long-term leasehold interest within the complex at no cost. This space will be used primarily to add a swimming pool, an enhanced fitness centre and car parking to the hotel's existing guest facilities in 2012.

Mandarin Oriental, Munich benefited from strong demand in the high-end leisure market, and successfully maintained its position as the undisputed market leader in the city. Improvements in both occupancy and average rate resulted in a 19% increase in RevPAR over 2010 in local currency terms. Mandarin Oriental, Geneva's operating performance was impacted by the continuation of a phased rooms renovation and a strong Swiss franc, resulting in an 8% decrease in RevPAR in local currency terms although the hotel maintained its competitive position. In US dollar terms the contribution from this subsidiary hotel was similar to 2010.

In Barcelona and Prague, our hotels have successfully positioned themselves ahead of the competition in their respective markets, and both continue to receive global recognition for excellence in well respected publications such as *Condé Nast Traveler US*.

The Americas

Overall RevPAR in The Americas increased by 9% on a like-for-like basis, as a result of improvements in both occupancies and average rates in all destinations.

In Washington D.C., the hotel improved its competitive position and strengthened both occupancy and rate to achieve a 6% increase in RevPAR over 2010. The hotel appeared in numerous reader surveys in prestigious publications including *Institutional Investor's* 'World's Best 2011'.

Mandarin Oriental, New York's strong positioning as one of the world's most luxurious properties enabled the hotel to grow occupancy levels by 3% while maintaining its average rate despite a highly competitive market. The hotel's international recognition was further reinforced by the retention of both the prestigious *Forbes* 'Five Star' rating and the *American Automobile Association's* 'Five Diamond Lodging Award'.

Mandarin Oriental, Miami took advantage of market demand and performed well against challenging competition, achieving a 19% increase in RevPAR. The hotel continues to

receive positive media attention, and the hotel's Spa has received the *Forbes* 'Five Star' rating in 2012 for the third consecutive year; the only hotel in Florida to do so.

In other destinations, Mandarin Oriental's managed properties performed well against competition and all achieved increases in occupancy and rate. Mandarin Oriental, Boston and Mandarin Oriental, Las Vegas achieved the *Forbes* 'Five Star' rating in 2011 for both the hotel and the spa, with the hotel in Las Vegas achieving a further 'Five Star' rating for its restaurant, *Twist*, operated by Pierre Gagnaire.

3. Increasing the number of rooms under operation to 10,000

Mandarin Oriental has achieved strong geographic diversification with a well balanced portfolio across the globe and is on track to achieve its mid-term goal of operating 10,000 rooms in key global locations within the next few years. The Group now operates close to 7,700 rooms around the world, which rises to almost 11,000 including the hotels under development.

In 2012, the Group will launch a new luxury property in Guangzhou, followed in 2013 by openings in Taipei, Milan and Shanghai. In total, the Group has announced 15 new hotel developments, all of which are long-term management contracts requiring no capital investment by the Group. This includes the most recent announcement of a 102-room luxurious hideaway resort and spa with 214 branded *Residences at Mandarin Oriental* which is scheduled to open on an exclusive 100 acre waterfront site on the Bodrum Peninsula in Turkey in 2014.

In addition to the Group's portfolio of hotels, a total of 13 *Residences at Mandarin Oriental* projects are open or under development. The associated branding fees from these projects, as well as ongoing revenues from management fees and the use of hotel facilities by the home owners, will provide an additional return for the Group over the next few years.

The long-term potential for growth is significant and the Group's strategy of operating both owned and managed hotels remains in place. Mandarin Oriental is well positioned to take advantage of selective investment opportunities in strategic locations that offer attractive returns, while at the same time our strong brand continues to be compelling to

developers of luxury hotels. The Group has in the pipeline, many opportunities for additional luxurious hotels and residences in important or unique locations around the world.

4. Achieving a strong financial performance

The Group's financial well being remains fundamental to its success. Mandarin Oriental is in a strong financial position with a low level of gearing and significant cash balances.

In 2011, the Group's overall financial performance was strengthened as a result of the improved operating performances across its portfolio, particularly in the owned hotels in Hong Kong. Branding fees received during the year from *Residences* projects in London and Macau also contributed to the Group's results. These increases were, however, partially offset by the loss incurred in Tokyo and the pre-opening expenses at Mandarin Oriental, Paris. The investment required to complete the Paris hotel was met from the Group's cash resources.

Excluding non-trading items, profit attributable to shareholders in 2011 was US\$59 million compared to US\$44 million in 2010. Including non-trading items, profit attributable to shareholders in 2011 was US\$67 million. There were no non-trading items in 2010.

Reflecting the Group's strong financial position, the Board has recommended a final dividend of US¢4.00, which, when combined with the interim dividend of US¢2.00, makes a full year dividend of US¢6.00.

THE FUTURE

While the Group experienced a rebound in demand in 2010 and 2011, the current macro-economic volatility around the world, particularly in the financial sector, may put pressure on occupancies in the immediate term. However, the Group will benefit from its strong brand and its growing portfolio as new properties open in sought-after destinations around the world, as well as by the limited supply of competitive luxury hotels in our key markets.

Mandarin Oriental's long-term strategy of being widely recognized as the best luxury hotel group in the world is firmly on track.

Edouard Ettedgui

Group Chief Executive

1st March 2012

Mandarin Oriental International Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2011

	Underlying US\$m	2011 Non- trading items US\$m	Total US\$m	Underlying US\$m	2010 Non- trading items US\$m	Total US\$m
Revenue (<i>note 2</i>)	614.2	-	614.2	513.2	-	513.2
Cost of sales	(377.3)	-	(377.3)	(326.6)	-	(326.6)
Gross profit	236.9	-	236.9	186.6	-	186.6
Selling and distribution costs	(42.1)	-	(42.1)	(35.9)	-	(35.9)
Administration expenses	(114.2)	8.5	(105.7)	(85.8)	-	(85.8)
Operating profit (<i>note 3</i>)	80.6	8.5	89.1	64.9	-	64.9
Financing charges	(14.6)	-	(14.6)	(14.8)	-	(14.8)
Interest income	2.6	-	2.6	1.7	-	1.7
Net financing charges	(12.0)	-	(12.0)	(13.1)	-	(13.1)
Share of results of associates and joint ventures (<i>note 4</i>)	9.8	-	9.8	4.3	-	4.3
Profit before tax	78.4	8.5	86.9	56.1	-	56.1
Tax (<i>note 5</i>)	(19.0)	-	(19.0)	(12.0)	-	(12.0)
Profit after tax	59.4	8.5	67.9	44.1	-	44.1
Attributable to:						
Shareholders of the Company	59.0	8.5	67.5	44.4	-	44.4
Non-controlling interests	0.4	-	0.4	(0.3)	-	(0.3)
	59.4	8.5	67.9	44.1	-	44.1
	US¢		US¢	US¢		US¢
Earnings per share (<i>note 6</i>)						
- basic	5.92		6.78	4.48		4.48
- diluted	5.88		6.73	4.46		4.46

Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2011

	2011 US\$m	2010 US\$m
Profit for the year	67.9	44.1
Net actuarial (loss)/gain on employee benefit plans	(7.3)	2.6
Net exchange translation differences	(0.1)	(4.6)
Fair value losses on cash flow hedges	(1.7)	(4.2)
Fair value gains on other investments	0.1	-
Share of other comprehensive income of associates	(2.7)	8.2
Tax relating to components of other comprehensive income (note 5)	1.1	0.3
Other comprehensive income for the year	<u>(10.6)</u>	<u>2.3</u>
Total comprehensive income for the year	<u>57.3</u>	<u>46.4</u>
Attributable to:		
Shareholders of the Company	57.0	46.1
Non-controlling interests	<u>0.3</u>	<u>0.3</u>
	<u>57.3</u>	<u>46.4</u>

Mandarin Oriental International Limited
Consolidated Balance Sheet
at 31st December 2011

	At 31st December	
	2011	2010
	US\$m	US\$m
Net assets		
Intangible assets	40.1	67.4
Tangible assets (<i>note 8</i>)	1,038.0	985.6
Associates and joint ventures	78.4	77.9
Other investments	6.0	4.9
Loans receivable	-	4.7
Pension assets	12.5	19.3
Deferred tax assets	8.5	15.0
Non-current assets	1,183.5	1,174.8
Stocks	5.9	4.4
Debtors and prepayments	61.2	59.2
Current tax assets	0.8	0.3
Cash at bank	470.1	433.5
Current assets	538.0	497.4
Creditors and accruals	(128.2)	(101.9)
Current borrowings (<i>note 9</i>)	(4.0)	(3.3)
Current tax liabilities	(10.9)	(6.9)
Current liabilities	(143.1)	(112.1)
Net current assets	394.9	385.3
Long-term borrowings (<i>note 9</i>)	(578.5)	(574.5)
Deferred tax liabilities	(64.9)	(64.1)
Pension liabilities	(0.2)	(0.1)
Other non-current liabilities	(19.2)	(17.5)
	915.6	903.9
Total equity		
Share capital	49.8	49.8
Share premium	179.7	178.3
Revenue and other reserves	681.2	671.2
Shareholders' funds	910.7	899.3
Non-controlling interests	4.9	4.6
	915.6	903.9

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2011

	Share capital US\$m	Share premium US\$m	Capital reserves US\$m	Revenue reserves US\$m	Hedging reserves US\$m	Exchange reserves US\$m	Attributable to shareholders of the Company US\$m	Attributable to non- controlling interests US\$m	Total equity US\$m
2011									
At 1st January	49.8	178.3	276.1	420.4	(14.5)	(10.8)	899.3	4.6	903.9
Total comprehensive income	-	-	-	61.3	(1.6)	(2.7)	57.0	0.3	57.3
Dividends paid by the Company	-	-	-	(49.8)	-	-	(49.8)	-	(49.8)
Issue of shares	-	1.4	-	-	-	-	1.4	-	1.4
Writeback of unclaimed dividends	-	-	-	0.2	-	-	0.2	-	0.2
Employee share option schemes	-	-	2.6	-	-	-	2.6	-	2.6
At 31st December	49.8	179.7	278.7	432.1	(16.1)	(13.5)	910.7	4.9	915.6
2010									
At 1st January	49.4	171.3	272.4	442.8	(10.7)	(13.9)	911.3	4.3	915.6
Total comprehensive income	-	-	-	46.8	(3.8)	3.1	46.1	0.3	46.4
Dividends paid by the Company	-	-	-	(69.2)	-	-	(69.2)	-	(69.2)
Issue of shares	0.4	7.0	-	-	-	-	7.4	-	7.4
Employee share option schemes	-	-	3.7	-	-	-	3.7	-	3.7
At 31st December	49.8	178.3	276.1	420.4	(14.5)	(10.8)	899.3	4.6	903.9

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US\$67.5 million (2010: US\$44.4 million), net actuarial loss on employee benefit plans of US\$6.3 million (2010: net actuarial gain of US\$2.3 million) and net fair value gain on other investments of US\$0.1 million (2010: US\$0.1 million). Cumulative net actuarial gain on employee benefit plans amounted to US\$6.5 million (2010: US\$12.8 million).

Mandarin Oriental International Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2011

	2011 US\$m	2010 US\$m
Operating activities		
Operating profit (<i>note 3</i>)	89.1	64.9
Depreciation	47.1	42.2
Amortization of intangible assets	2.6	2.4
Other non-cash items	(0.4)	4.3
Increase in working capital	18.6	5.2
Interest received	2.4	1.7
Interest and other financing charges paid	(14.0)	(13.8)
Tax (paid)/refunded	(6.9)	1.0
	138.5	107.9
Dividends from associates and joint ventures	7.8	6.3
Cash flows from operating activities	146.3	114.2
Investing activities		
Purchase of tangible assets	(62.4)	(50.5)
Purchase of intangible assets	(3.8)	(24.2)
Investments in and loans to associates	(1.2)	(3.3)
Repayment/(advance) of mezzanine loans	3.4	(2.8)
Purchase of other investments	(1.0)	(0.6)
Cash flows from investing activities	(65.0)	(81.4)
Financing activities		
Issue of shares	1.4	7.4
Drawdown of borrowings	10.0	25.2
Repayment of borrowings	(7.0)	(125.0)
Dividends paid by the Company (<i>note 11</i>)	(49.8)	(69.2)
Cash flows from financing activities	(45.4)	(161.6)
Net increase/(decrease) in cash and cash equivalents	35.9	(128.8)
Cash and cash equivalents at 1st January	433.1	561.2
Effect of exchange rate changes	0.1	0.7
Cash and cash equivalents at 31st December	469.1	433.1

Mandarin Oriental International Limited
Notes

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

Standards, amendments and interpretations effective in 2011 which are relevant to the Group's operations:

Revised IAS 24	Related Party Disclosures
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs (2010)	

The adoption of these standards, amendments and interpretations does not have a material impact on the Group's accounting policies.

Standards and amendments effective after 2011 which are relevant to the Group's operations and yet to be adopted:

Amendments to IFRS 7	Financial Instruments: Disclosures on Derecognition
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IAS 19 (amended 2011)	Employee Benefits
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures

Certain comparative figures have been reclassified to conform with current year presentation.

2. REVENUE

	2011 US\$m	2010 US\$m
<i>By geographical area:</i>		
Hong Kong	231.2	200.3
Other Asia	127.5	127.0
Europe	194.7	126.5
The Americas	60.8	59.4
	<u>614.2</u>	<u>513.2</u>

3. EBITDA FROM SUBSIDIARIES (EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION)

	2011 US\$m	2010 US\$m
<i>By geographical area:</i>		
Hong Kong	81.0	61.5
Other Asia	18.8	18.5
Europe	28.8	26.2
The Americas	1.7	3.3
Underlying EBITDA from subsidiaries	130.3	109.5
Gain on One Hyde Park lease space (<i>refer note 7</i>)	10.1	-
Provisions against asset impairment (<i>refer note 7</i>)	(1.6)	-
EBITDA from subsidiaries	138.8	109.5
Less depreciation and amortization	(49.7)	(44.6)
Operating profit	<u>89.1</u>	<u>64.9</u>

4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	EBITDA US\$m	Depreciation and amortization US\$m	Operating profit US\$m	Net financing charges US\$m	Tax US\$m	Net profit/ (loss) US\$m
2011						
<i>By geographical area:</i>						
Other Asia	28.4	(9.1)	19.3	(2.0)	(4.4)	12.9
The Americas	4.3	(3.1)	1.2	(4.3)	-	(3.1)
	32.7	(12.2)	20.5	(6.3)	(4.4)	9.8
2010						
<i>By geographical area:</i>						
Other Asia	23.5	(8.2)	15.3	(2.1)	(5.2)	8.0
The Americas	3.4	(2.9)	0.5	(4.3)	0.1	(3.7)
	26.9	(11.1)	15.8	(6.4)	(5.1)	4.3

5. TAX

	2011 US\$m	2010 US\$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	10.4	7.5
Deferred tax	8.6	4.5
	19.0	12.0
<i>By geographical area:</i>		
Hong Kong	11.4	8.6
Other Asia	2.6	(0.5)
Europe	5.0	3.6
The Americas	-	0.3
	19.0	12.0

Tax relating to components of other comprehensive income is analyzed as follows:

Actuarial valuation of employee benefit plans	1.0	(0.3)
Revaluation of other investments	-	0.1
Cash flow hedges	0.1	0.5
	1.1	0.3

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates. Share of tax of associates and joint ventures of US\$4.4 million (2010: US\$5.1 million) are included in share of results of associates and joint ventures (*refer note 4*).

6. EARNINGS PER SHARE

Basic earnings per share are calculated on the profit attributable to shareholders of US\$67.5 million (2010: US\$44.4 million) and on the weighted average number of 996.1 million (2010: 990.8 million) shares in issue during the year. The weighted average number excludes shares held by the Trustee of the Senior Executive Share Incentive Schemes.

Diluted earnings per share are calculated on profit attributable to shareholders of US\$67.5 million (2010: US\$44.4 million) and on the weighted average number of 1,002.8 million (2010: 996.1 million) shares after adjusting for the number of shares which are deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes based on the average share price during the year.

The weighted average number of shares is arrived at as follows:

	Ordinary shares in millions	
	2011	2010
	US\$m	US\$m
Weighted average number of shares in issue	996.1	990.8
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	6.7	5.3
Weighted average number of shares for diluted earnings per share	1,002.8	996.1

Additional basic and diluted earnings per share are also calculated based on underlying profit attributable to shareholders. A reconciliation of earnings is set out below:

	2011			2010		
	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢
Underlying profit attributable to shareholders	59.0	5.92	5.88	44.4	4.48	4.46
Non-trading items (refer note 7)	8.5	0.86	0.85	-	-	-
Profit attributable to shareholders	67.5	6.78	6.73	44.4	4.48	4.46

7. NON-TRADING ITEMS

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading include items such as gains on disposals, provisions against asset impairment and other material items which are non-recurring in nature.

An analysis of non-trading items after interest, tax and non-controlling interests is set out below:

	2011 US\$m	2010 US\$m
Gain on One Hyde Park lease space	10.1	-
Provisions against asset impairment	(1.6)	-
	<u>8.5</u>	<u>-</u>

In 2011, a long-term leasehold interest, granted to the Group by the developer of the *Residences at Mandarin Oriental, London* at no cost, was recognized as a non-trading gain based on its market value less costs relating to the transfer of title.

8. TANGIBLE ASSETS AND CAPITAL COMMITMENTS

	2011 US\$m	2010 US\$m
Opening net book value	985.6	976.6
Exchange differences	(0.4)	(1.9)
Additions	71.1	53.2
Disposals	(0.2)	(0.1)
Depreciation charge	(47.1)	(42.2)
Reclassification from intangible assets	29.0	-
Closing net book value	<u>1,038.0</u>	<u>985.6</u>
Capital commitments	<u>35.9</u>	<u>51.8</u>

Freehold properties include a property of US\$100.6 million (2010: US\$101.5 million), which is stated net of tax increment financing of US\$26.4 million (2010: US\$27.3 million) (refer note 10).

9. BORROWINGS

	2011 US\$m	2010 US\$m
Bank loans	571.0	566.6
Other borrowings	9.8	9.5
Tax increment financing (<i>refer note 10</i>)	1.7	1.7
	582.5	577.8
Current	4.0	3.3
Long-term	578.5	574.5
	582.5	577.8

10. TAX INCREMENT FINANCING

	2011 US\$m	2010 US\$m
Netted off against the net book value of property (<i>refer note 8</i>)	26.4	27.3
Loan (<i>refer note 9</i>)	1.7	1.7
	28.1	29.0

A development agreement was entered into between one of the Group's subsidiaries and the District of Columbia ('District'), pursuant to which the District agreed to provide certain funds to the subsidiary out of the net proceeds obtained through the issuance and sale of certain tax increment financing bonds ('TIF Bonds') for the development and construction of Mandarin Oriental, Washington D.C.

The District agreed to contribute to the subsidiary US\$33.0 million through the issuance of TIF Bonds in addition to US\$1.7 million issued in the form of a loan, bearing simple interest at an annual rate of 6.0%. The US\$1.7 million loan plus all accrued interest will be due on the earlier of 10th April 2017 or the date of the first sale of the hotel.

The receipt of the TIF Bonds has been treated as a government grant and netted off against the net book value in respect of the property (*refer note 8*). The loan of US\$1.7 million (2010: US\$1.7 million) is included in long-term borrowings (*refer note 9*).

11. DIVIDENDS

	2011	2010
	US\$m	US\$m
Final dividend in respect of 2010 of US¢3.00 (2009: US¢5.00) per share	29.9	49.4
Interim dividend in respect of 2011 of US¢2.00 (2010: US¢2.00) per share	19.9	19.8
	<u>49.8</u>	<u>69.2</u>

A final dividend in respect of 2011 of US¢4.00 (2010: US¢3.00) per share amounting to a total of US\$39.8 million (2010: US\$29.9 million) is proposed by the Board. The final dividend proposed will not be accounted for until it has been approved at the Annual General Meeting. The amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2012.

12. RELATED PARTY TRANSACTIONS

In the normal course of business the Group undertakes a variety of transactions with certain of its associates and joint ventures.

The most significant of such transactions are management fees of US\$12.4 million (2010: US\$10.9 million) received from the Group's five (2010: five) associate hotels which are based on long-term management agreements on normal commercial terms.

There were no other related party transactions that might be considered to have a material effect on the financial position or performance of the Group that were entered into or changed during the current financial year.

Mandarin Oriental International Limited
Principal Risks and Uncertainties

The Board has overall responsibility for risk management and internal control. The process by which the Group identifies and manages risk will be set out in more detail in the Corporate Governance section of the Company's 2011 Annual Report (the 'Report'). The following are the principal risks and uncertainties facing the Company as required to be disclosed pursuant to the Disclosure and Transparency Rules issued by the Financial Services Authority in the United Kingdom and are in addition to the matters referred to in the Chairman's Statement and Group Chief Executive's Review.

1. Economic and Financial Risk

The Group's business is exposed to the risk of negative developments in global and regional economies and financial markets, either directly or through the impact on the Group's investment partners, third-party hotel owners and developers, bankers, suppliers or customers. These developments can result in recession, inflation, deflation, currency fluctuations, restrictions in the availability of credit, business failures, or increases in financing costs. Such developments may increase operating costs, reduce revenues, lower asset values or result in the Group being unable to meet in full its strategic objectives. These developments could also adversely affect travel patterns which would impact demand for the Group's products and services.

The steps taken by the Group to manage its exposure to financial risk will be set out in the Financial Risk Management section in a note to the Financial Statements in the Report.

2. Commercial and Market Risk

Risks are an integral part of normal commercial practices, and where practicable steps are taken to mitigate such risks.

The Group operates within the global hotel industry which is highly competitive. Failure to compete effectively in terms of quality of product, levels of service or price can have an adverse effect on earnings. Significant pressure from competition or the oversupply of hotel rooms in any given market may also lead to reduced margins.

The Group competes with other luxury hotel operators for new management opportunities. Failure to establish and maintain relationships with hotel owners or developers could adversely affect the Group's business. The Group also makes investment decisions in respect of acquiring new hotel properties. The success of these investments is measured over the longer term and as a result is subject to market risk.

Mandarin Oriental's continued growth depends on the opening of individual hotels. Most of the Group's new hotel developments are controlled by third party owners and developers and can be subject to delays due to issues attributable to planning and construction, sourcing of finance, and the sale of residential units. In extreme circumstances, such factors might lead to the cancellation of a project.

Mandarin Oriental International Limited
Principal Risks and Uncertainties *(continued)*

3. Pandemic, Terrorism, and Natural Disasters

The Group's business would be impacted by a global or regional pandemic as this would impact travel patterns, demand for the Group's products and services and could also affect the Group's ability to operate effectively. The Group's hotels are also vulnerable to the effects of terrorism, either directly through the impact of an act of terrorism or indirectly through the impact of generally reduced economic activity in response to the threat of or an actual act of terrorism. In addition, a number of the territories in which the Group operates can experience from time to time natural disasters such as typhoons, floods, earthquakes and tsunamis.

4. Key Agreements

The Group's business is reliant upon joint venture and partnership agreements, property leasehold arrangements, management, license and services agreements or other key contracts. Cancellation, expiry or termination, or the renegotiation of any of these key agreements and contracts, could have an adverse effect on the financial performance of individual hotels as well as the wider Group.

5. Intellectual Property and Value of the Brand

Brand recognition is important to the success of the Group and significant resources have been invested in protecting its intellectual property in the form of trade marks, logos and domain names. Any material act or omission by any person working for or representing the Group's operations which is contrary to its standards could impair Mandarin Oriental's reputation and the equity value of the brand, as could any negative publicity regarding the Group's product or services.

6. Regulatory and Political Risk

The Group's business is subject to a number of regulatory environments in the territories in which it operates. Changes in the regulatory approach to such matters as employment legislation, tax rules, foreign ownership of assets, planning controls and exchange controls have the potential to impact the operations and profitability of the Group's business. Changes in the political environment, including prolonged civil unrest, could also affect the Group's business.

Mandarin Oriental International Limited
Responsibility Statement

The Directors of the Company confirm to the best of their knowledge that:

- (a) the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations adopted by the International Accounting Standards Board; and
- (b) the sections of the Company's 2011 Annual Report, including the Chairman's Statement, Group Chief Executive's Review and Principal Risks and Uncertainties, which constitute the management report include a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.1.8 to 4.1.11 issued by the Financial Services Authority of the United Kingdom.

For and on behalf of the Board

Edouard Ettedgui
Stuart Dickie

Directors

1st March 2012

The final dividend of US\$4.00 per share will be payable on 16th May 2012, subject to approval at the Annual General Meeting to be held on 9th May 2012, to shareholders on the register of members at the close of business on 16th March 2012. The ex-dividend date will be on 14th March 2012, and the share registers will be closed from 19th to 23rd March 2012, inclusive. Shareholders will receive their dividends in United States dollars, unless they are registered on the Jersey branch register where they will have the option to elect for sterling. These shareholders may make new currency elections for the 2011 final dividend by notifying the United Kingdom transfer agent in writing by 20th April 2012. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 2nd May 2012. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive United States dollars unless they elect, through CDP, to receive Singapore dollars.

Mandarin Oriental Hotel Group

Mandarin Oriental Hotel Group is an international hotel investment and management group with deluxe and first class hotels, resorts and residences in sought-after destinations around the world. The Group now operates, or has under development, 42 hotels representing over 10,000 rooms in 27 countries, with 18 hotels in Asia, 12 in The Americas and 12 in Europe and the Middle East. In addition, the Group operates, or has under development, 13 *Residences at Mandarin Oriental* connected to its properties. The Group has equity interests in a number of its properties and net assets worth approximately US\$2.7 billion as at 31st December 2011.

Mandarin Oriental's aim is to be recognized widely as the best global luxury hotel group, providing 21st century luxury with oriental charm in each of its hotels. This will be achieved by investing in the Group's exceptional facilities and its people, while maximizing profitability and long-term shareholder value. The Group regularly receives recognition and awards for outstanding service and quality management. The strategy of the Group is to open the hotels currently under development, while continuing to seek further selective opportunities for expansion around the world.

The parent company, Mandarin Oriental International Limited, is incorporated in Bermuda and has a premium listing on the London Stock Exchange, with secondary listings in Bermuda and Singapore. Mandarin Oriental Hotel Group International Limited, which operates from Hong Kong, manages the activities of the Group's hotels. Mandarin Oriental is a member of the Jardine Matheson Group.

- end -

For further information, please contact:

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Full text of the Preliminary Announcement of Results and the Preliminary Financial Statements for the year ended 31st December 2011 can be accessed through the Internet at 'www.mandarinoriental.com'.