news release

Mandarin Oriental International Limited

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MANDARIN ORIENTAL
THE HOTEL GROUP SM

To: Business Editor

4th March 2010
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
2009 PRELIMINARY ANNOUNCEMENT OF RESULTS

Highlights

- Difficult market conditions affected performance
- US$81 million gain on sale of Macau hotel
- Successful opening of hotels in Sanya, Barcelona and Las Vegas
- Mandarin Oriental, Jakarta re-opened after extensive renovations
- Strong financial position

"While markets are expected to stabilize further in 2010, the strength and timing of an improvement in earnings will depend on economic conditions. Over the longer term, the Group should benefit from its strong market position and growing portfolio."

Simon Keswick, *Chairman*
4th March 2010

Results

	Year ended 31st December		
	2009	2008	Change
	US$m	US$m	%
Combined total revenue of hotels under management[1]	**838.3**	1,016.1	−18
EBITDA (Earnings before interest, tax, depreciation and amortization)[2]	**87.5**	163.9	−47
Underlying profit attributable to shareholders[3]	**12.4**	67.1	−82
Profit attributable to shareholders	**83.3**	67.1	+24
	US¢	US¢	%
Underlying earnings per share[3]	**1.26**	6.84	−82
Earnings per share	**8.46**	6.84	+24
Dividends per share	**7.00**	7.00	-
	US$	US$	%
Net asset value per share	**1.04**	1.02	+2
Net asset value per share with leasehold properties at valuation[4]	**2.18**	2.08	+5
Net debt/shareholders' funds	**11%**	15%	
Net debt/adjusted shareholders' funds[4]	**5%**	7%	

(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 does not include provisions for asset impairment.
(3) Underlying profit attributable to shareholders and underlying earnings per share exclude non-trading items. These are gains on disposals and provisions against asset impairment.
(4) The net asset value per share and net debt/shareholders' funds have been adjusted to include the market value of the Group's leasehold interests which are carried in the consolidated balance sheet at amortized cost.

The final dividend of US¢5.00 per share will be payable on 12th May 2010, subject to approval at the Annual General Meeting to be held on 5th May 2010, to shareholders on the register of members at the close of business on 19th March 2010. The ex-dividend date will be on 17th March 2010, and the share registers will be closed from 22nd to 26th March 2010, inclusive.

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MANDARIN ORIENTAL INTERNATIONAL LIMITED

PRELIMINARY ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2009

OVERVIEW

Demand was adversely affected in 2009 by poor economic conditions which led to material reductions in both occupancy levels and room rates. The Group responded by focusing on maintaining its competitive position in each of its markets and by reducing costs. This enabled Mandarin Oriental to achieve an underlying profit for the year despite revenues being significantly lower than in 2008. The Group also benefited from a gain on the sale of its Macau hotel interest.

PERFORMANCE

Earnings before interest, tax, depreciation and amortization for 2009, excluding provisions against asset impairment, were US$88 million compared with US$164 million in 2008. The Group's underlying profit for the year was US$12 million, compared with US$67 million in 2008. Including non-trading items, principally the gain on the sale of the Group's 50% interest in its Macau hotel partially offset by provisions against asset impairments, profit attributable to shareholders for 2009 was US$83 million. This compares with US$67 million in 2008 when there were no non-trading items.

Underlying earnings per share for the year were US¢1.26 compared with US¢6.84 in 2008. Including non-trading items, earnings per share in 2009 were US¢8.46.

Taking into consideration the overall results for the year, the Directors recommend a final dividend of US¢5.00 per share. This, together with the interim dividend of US¢2.00 per share, will make an unchanged total annual dividend of US¢7.00.

The net asset value per share with leasehold properties adjusted for fair market value was US$2.18 at 31st December 2009, compared with US$2.08 at the end of 2008. This is based on a Directors' review of the valuations of the Group's hotel properties, in consultation with its independent valuers. Net debt at the year end was US$116 million, representing 5% of adjusted shareholders' funds.

GROUP REVIEW

Profit levels fell at all of the Group's hotels in response to lower occupancy and room rates. Properties in Asia and The Americas were the most adversely affected, including the Group's two wholly-owned hotels in Hong Kong.

At Mandarin Oriental, Hong Kong, revenue per available room ('RevPAR') fell by 30%, while at The Excelsior it decreased by 27%. Conversely, at the Group's wholly-owned flagship hotel in London, RevPAR was down by only 5% in local currency terms, although its contribution to earnings was reduced further due to the weaker pound. The results from Geneva showed some improvement from 2008, when the hotel was undergoing extensive renovations. The Group's results were also negatively affected by lower management fees and the contributions from associate hotels, including Bangkok and Singapore, which fell in line with the reduced demand.

DEVELOPMENTS

Three new hotels were opened in 2009, in Sanya, Barcelona and Las Vegas, bringing the total number of hotels in operation to 25. The Group's hotel in Jakarta re-opened in October following extensive renovations.

In 2010, it is anticipated that a further two properties will open, in Macau and Marrakech. Both properties will be operated under long-term management contracts. In addition, the 227 *Residences at Mandarin Oriental* in Las Vegas, the Group's largest *Residences* project to date, will be completed. The Group will benefit from the resulting branding fees as sales proceed.

A number of development projects are facing delays, and one previously announced project in Chicago will not proceed. A new 195-room hotel and *Residences* project to be built in Abu Dhabi has been announced recently, bringing the total number of hotels under development to 16.

PEOPLE

On behalf of the Directors and shareholders, I would like to thank all employees for their exceptional service and commitment in what has been a very challenging year. It is on this strength the future of the Group depends.

Jonathan Gould retired as a Director at the end of June 2009 and we would like to thank him for his contribution. Giles White joined the Board on 1st July 2009. As previously announced, John Witt will step down from the Board as Chief Financial Officer at the end of March 2010. We are grateful for his significant contribution to the Group over the past ten years. He will be succeeded by Stuart Dickie.

OUTLOOK

While markets are expected to stabilize further in 2010, the strength and timing of an improvement in earnings will depend on economic conditions. Over the longer term, the Group should benefit from its strong market position and growing portfolio.

Simon Keswick
Chairman
4th March 2010

GROUP CHIEF EXECUTIVE'S REVIEW

BUSINESS STRATEGY

Mandarin Oriental's aim, to become widely recognized as the best international luxury hotel group operating in sought-after destinations, remains firmly in place. An award-winning owner and operator of some of the world's most prestigious hotels and resorts, our Group continues to grow its global presence. Mandarin Oriental now operates 25 hotels with a further 16 under development, bringing the total number of rooms to more than 10,000 in 26 countries.

PROGRESS ACHIEVED

The effects of the global recession on the travel and tourism industry throughout 2009 significantly impacted Mandarin Oriental's results. However, the Group showed resilience and did well to remain profitable. The downturn particularly hit the financial and corporate sectors, but the leisure market was also affected by economic uncertainties as well as the threat earlier in the year of an H1N1 influenza outbreak. Despite some improvement in the last few months of the year, the overall drop in visitor arrivals affected occupancy, providing the Group with less opportunity for yield management. This put pressure on room rates, leading to a significant decline in overall revenues.

Against this challenging environment, comprehensive plans were put into place to reduce costs effectively, without compromising our guests' satisfaction, at every hotel and throughout the corporate structure.

During the downturn, each hotel in the Group's portfolio focused on maintaining or enhancing its competitive position. While it will take time for room rates to return to pre-crisis levels, demand amongst discerning individuals for services and facilities of the highest quality remains in place. In the future, the Group will continue to benefit from our growth around the world, which was supported in 2009 by the successful opening of three new hotels and the re-opening of our renovated property in Jakarta. Limited new supply in the luxury hotel sector will persist, while Mandarin Oriental's financial strength puts us in a strong position to take advantage of opportunities for further growth. In addition, as we come through this severe economic crisis, the recognition and credibility of the Mandarin Oriental brand internationally will ensure that the Group is well placed to benefit.

PERFORMANCE IN 2009

Set out below is a review of the Group's performance in 2009, 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**

   Despite the current operational challenges that have impacted profitability, the vision on what constitutes success for our Group remains unchanged.

   The Group remains focused on delivering our unique style of luxury, comprising the essential elements of tradition, quality and innovation. Consequently, we continue to invest behind our core brand attributes of creative hotel design and architecture, holistic spa operations, excellent dining experiences, guest-orientated technology and above all, the delivery of legendary service to our guests.

   The Group's increasing global recognition in 2009 is evidenced by the achievement of many significant awards from respected travel associations and publications worldwide. Highlights include *Condé Nast Traveler US* 'Readers' Travel Awards 2009' which featured 14 award nominations, and 'The World's Best' from *Travel + Leisure,* which had ten of our hotels appearing. Eight hotels were nominated in the *Forbes Travel Guide* listing (formerly *Mobil Travel Guides*), and 11 hotels, the highest number ever achieved, appeared in the prestigious *Institutional Investor's* 'World's Best 2009' listings. This recognition is enhanced by the Group's award-winning international advertising campaign which features 18 celebrity 'fans', who regularly stay in our hotels.

   During 2009, innovative spa offerings were introduced, including a bespoke treatment and home care product range, created exclusively for Mandarin Oriental. The Group's overall spa operations were recognized with Mandarin Oriental being nominated for the second year as 'Best Spa Brand' in *Spa Finder's* 2009 'Readers' Choice Awards'. In addition the prestigious *Forbes* 'Five Star Spa' award has been granted to five of our hotels – more than any other hotel group in the world.

Our reputation for excellent dining experiences has been acknowledged further, with ten of our restaurants being honoured in the most recent *Michelin* guides, including three at Mandarin Oriental, Tokyo alone. The Group has also announced partnerships with several internationally renowned chefs who will bring their well recognized cuisine to a number of unique restaurants already in existence and being planned for 2010 and beyond.

Our newly opened hotels in Boston and Sanya achieved impressive accolades in their first full year of operation, and were both recognized on the 'Hot List' in *Condé Nast Traveler US*. Mandarin Oriental, Sanya was awarded 'Best New Spa in Asia' by *AsiaSpa,* while Mandarin Oriental, Boston did well to receive the prestigious 'Five Diamond Lodging Award' from the *American Automobile Association (AAA).* Mandarin Oriental's hotels in New York and Riviera Maya, Mexico also achieved this exceptional rating from the *AAA*. The Group's most recent openings, in Barcelona and Las Vegas, are already attracting positive reviews and accolades, in particular for their design quality. In fact, Mandarin Oriental, Las Vegas is the first of the Group's hotels to achieve the LEED Gold Certification for its environmentally-friendly product features.

As the number of hotels we operate in new destinations grows, Mandarin Oriental is increasingly recognized for creating some of the world's most sought-after properties, providing 21st century luxury with oriental charm. Such strong brand recognition allows our properties to achieve premium rates and compete effectively.

2. Strengthening our competitive position

In the face of a significant decline in revenues in 2009, it was critical for our hotels to maintain or enhance their leadership positions against primary competitors. Our success in achieving strong competitive positions in each destination also reflects the strength of our hotel management teams and the added support provided by an experienced corporate structure.

Demographic trends continue to support the Group's strategy of creating quality services and facilities, which attract individuals who will pay a premium for genuine luxury experiences. It is notable that over 40% of the Group's room nights now come from the higher-spending leisure segment. Moreover, we anticipate a full recovery from our traditional markets in time, as well as growth from newer markets, including the Middle East, Russia, China and India.

Our position is further supported by limited new supply in many of the key markets in which we operate. Barriers to entry include a lack of suitable sites on which to build and the high costs involved in constructing a luxury hotel. The severity of the downturn has further limited new supply, as planned projects have found it harder to secure the necessary funding.

The highlights of each region are as follows:

Asia

In Asia, a significant drop in demand and a highly competitive market environment led to a decline in occupancy and to rate deterioration across the region. As a result overall revenue per available room ('RevPAR') dropped by 26% in US dollar terms. The Group's 2009 results from the Asian region were also negatively affected by a provision against asset impairment relating to a managed property.

In Hong Kong, the shortfall in demand at the 100%-owned flagship, was particularly significant in the first nine months of the year, due to the weak financial services sector. Consequently, the Group's flagship saw a 30% drop in RevPAR over 2008 which had a further negative impact on food and beverage revenues. Nonetheless, Mandarin Oriental, Hong Kong and The Landmark Mandarin Oriental maintained their exceptional 'Five Star' ratings in the *Forbes Travel Guide*; two of only four hotels in the territory to do so.

The Excelsior, the Group's other 100%-owned property in Hong Kong, did well to maintain its competitive position while effectively managing its costs, in the face of a significant drop in occupancy from all market segments.

In Macau, the Group's 50% interest in Mandarin Oriental was sold in June 2009 and the operating results of the hotel for the year were included in the US$81 million gain. The Group continues to manage the hotel, which has been rebranded as the Grand Lapa Hotel for a period of up to two years.

Occupancy levels in Manila were also affected by the downturn, while Tokyo remained a very challenging market. Mandarin Oriental's excellent reputation amongst Japan's domestic leisure travellers continued, however weak demand in the corporate sector, compounded by an over-supply in luxury hotel rooms, negatively impacted the hotel's

occupancy levels, which declined by 13% over the previous year. The hotel's food and beverage operations were also negatively affected by lower demand. Nonetheless, the hotel performed well against competition and continues to enhance its reputation as one of the top luxury hotels in the city.

Mandarin Oriental, Bangkok was impacted significantly by the downturn and continued to be affected by the political uncertainties in Thailand, with a 30% reduction in occupancy levels compared to 2008. However, the hotel maintained its room rates and continued to outperform the market. Once again the property was recognized as one of the world's best hotels in the most important worldwide travel awards.

Throughout the rest of Southeast Asia, the number of corporate visitors dropped significantly, thereby negatively affecting occupancy and average room rates in our hotels in Singapore and Kuala Lumpur. Nonetheless, the hotels did well to maintain their competitive positions.

In Jakarta, Mandarin Oriental re-opened its doors in October 2009, following a comprehensive US$50 million renovation programme which has re-positioned the hotel as one of the city's most luxurious and contemporary properties. The hotel now has fewer, but more spacious guestrooms and its new facilities have been well-received by the market.

Europe

In Europe, the Group's hotels were relatively less impacted by the economic downturn. At the same time, the hotels were successful in maintaining or enhancing their competitive positions at the top of their markets.

Mandarin Oriental Hyde Park, London experienced resilient demand, particularly from leisure travellers, with occupancy remaining high at 81%. Average room rates in local currency terms were down only 2% over the previous year, although as a result of the depreciation of sterling, the drop was more significant in US dollar terms, at 17%. The hotel continues to be recognized as one of the city's most exclusive properties and is the recipient of a number of awards including, 'Favourite Hotel Spa in the UK' by readers of *Condé Nast Traveller UK,* October 2009. The hotel's facilities will be further enhanced in 2010 with the opening of two new culinary experiences: firstly a new dining concept by

Daniel Boulud in May, followed by the much anticipated launch of Heston Blumenthal's first London operation, which will open later in the year.

Mandarin Oriental, Geneva enhanced its competitive position in 2009 following the introduction of new facilities in 2008 which better positioned the hotel for the leisure market. The hotel successfully maintained its average room rate, despite a 11% drop in occupancy due to economic conditions.

In Munich, Mandarin Oriental was affected by the decline in the corporate market and an increase in new supply, but our 100%-owned hotel maintained its position as the undisputed market leader in the city.

The Americas

In The Americas, our hotels did well to maintain their competitive positions in a very challenging environment. Following disposals over the past few years, the Group's results are less affected by this region with approximately 5% of earnings coming from our US portfolio. However, the Group's 2009 results from The Americas were also negatively affected by a provision against asset impairment relating to a managed property.

In Washington D.C., Mandarin Oriental's results in the early months of the year were enhanced by a record performance during the Presidential inauguration. However, as the year progressed, the hotel was impacted by a drop in business, principally from the important group segment, leading to an overall reduction in RevPAR of 15%. The hotel, which is now well established as one of the city's most luxurious properties, responded by carefully reducing costs while maintaining its service standards.

In New York, Mandarin Oriental was impacted by lower demand from both the corporate and leisure markets, resulting in a 27% decrease in RevPAR. Nonetheless, our hotel maintained its excellent competitive position, and once again, is one of a handful of hotels to retain both the prestigious *Forbes* 'Five Star' and the *American Automobile Association's* 'Five Diamond Lodgings Award'.

In Miami, weakened demand has been exacerbated by new hotels opening in the city, leading to significant over-supply. As a result RevPAR was down by 36% at our hotel. Nonetheless, the property continues to perform well against competition, receiving positive media attention and a listing in all of the major readership surveys. The Spa at Mandarin Oriental, Miami is the only hotel to receive the *Forbes* 'Five Star' rating in Florida.

In its first full year of operation, Mandarin Oriental, Boston did well to quickly establish itself within the top performing luxury hotels in the city, in a highly competitive market.

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

Mandarin Oriental has achieved strong geographic diversification and is on track to achieve its mid-term goal of operating 10,000 rooms in key global locations within the next few years.

In 2009, the Group successfully opened luxury hotels in Sanya and Barcelona, expanding the brand's presence into two new strategically important countries. Mandarin Oriental, Las Vegas, which opened to great acclaim in December 2009, has further strengthened our brand recognition on the west coast of the USA.

In 2010, the Group will add a further two luxury properties to its portfolio, in Macau and in Marrakech, its first property in North Africa. Also in 2010, the Group's third *Residences* project will be completed in Las Vegas. There are now a total of 13 *Residences at Mandarin Oriental* projects open or under development. The associated branding fees from these projects will provide an additional return for the Group over the next few years.

In February 2010, Mandarin Oriental announced a management contract for the Group's first property in the Middle East: a luxury hotel and *Residences* in Abu Dhabi, to be completed in 2013. At the same time, one of the Group's previously announced projects, in Chicago, will not proceed. In total, the Group has 16 hotel developments in the pipeline, of which 12 have started design and construction work. However, a number of projects are experiencing delays as the developers face challenging conditions in the financial markets.

The longer term potential for growth remains significant and the Group continues to review opportunities for additional luxurious hotels and resorts in important or unique locations

around the world. In the current market conditions, the attraction of a strong brand is even more compelling to luxury hotel developers, as this can positively impact their ability to secure funding. All 16 of the Group's announced projects, except for a leasehold in Paris, are long-term management contracts, without equity participation, reflecting the brand's strength. The Group continues to review opportunities for additional management contracts, and at the same time, is well positioned to invest in hotels in strategic locations that offer attractive returns. Overall, the Group's strategy of operating both owned and managed hotels remains in place.

4. Achieving a strong financial performance

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

In 2009, the Group's balance sheet benefited further from approximately US$90 million of proceeds arising on the disposal of its 50% interest in the Macau hotel. In fact, over the past five years, the Group has raised net proceeds of approximately US$350 million from asset sales, generating an accumulative net profit of over US$165 million.

While operating results reflected the difficult market conditions, the Group's measures to reduce costs were effective in limiting as much as possible the impact of the significant decline in revenue on overall profitability. Despite the severity of the conditions in 2009, the Group generated positive cash flow from operating activities of US$81 million.

Reflecting the Group's strong financial position, Mandarin Oriental has recommended a final dividend of US¢5.00, which, when combined with the interim dividend of US¢2.00, makes a full year dividend of US¢7.00, the same as in 2008.

THE FUTURE

While we remain cautious on the timing and strength of a return to a less challenging business environment, the global economy continues to stabilize and some improvement in demand is visible in our key destinations.

Mandarin Oriental's long-term strategy remains firmly in place and our strong balance sheet ensures the Group is well positioned to benefit from improved market conditions and from its growing global portfolio.

As we open new and exciting projects in the world's most sought-after destinations, the Group is well on its way to being widely recognized as the best luxury hotel group in the world.

Edouard Ettedgui
Group Chief Executive
4th March 2010

Mandarin Oriental International Limited
Consolidated Profit and Loss Account
for the year ended 31st December 2009

	2009			2008		
	Underlying	**Non-trading items**	**Total**	Underlying	Non-trading items	Total
	US$m	**US$m**	**US$m**	US$m	US$m	US$m
Revenue *(note 2)*	**438.0**	**-**	**438.0**	530.0	-	530.0
Cost of sales	**(298.1)**	**-**	**(298.1)**	(324.5)	-	(324.5)
Gross profit	**139.9**	**-**	**139.9**	205.5	-	205.5
Selling and distribution costs	**(33.6)**	**-**	**(33.6)**	(36.6)	-	(36.6)
Administration expenses	**(78.5)**	**(4.2)**	**(82.7)**	(82.7)	-	(82.7)
Operating profit (*note 3)*	**27.8**	**(4.2)**	**23.6**	86.2	-	86.2
Financing charges	**(19.1)**	**-**	**(19.1)**	(29.4)	-	(29.4)
Interest income	**3.9**	**-**	**3.9**	12.4	-	12.4
Net financing charges	**(15.2)**	**-**	**(15.2)**	(17.0)	-	(17.0)
Share of results of associates and joint venture *(note 4)*	**0.9**	**(5.7)**	**(4.8)**	15.3	-	15.3
Gain on disposal of joint venture *(note 5)*	**-**	**80.8**	**80.8**	-	-	-
Profit before tax	**13.5**	**70.9**	**84.4**	84.5	-	84.5
Tax *(note 6)*	**(1.1)**	**-**	**(1.1)**	(18.3)	-	(18.3)
Profit after tax	**12.4**	**70.9**	**83.3**	66.2	-	66.2
Attributable to:						
Shareholders of the Company	**12.4**	**70.9**	**83.3**	67.1	-	67.1
Minority interests	**-**	**-**	**-**	(0.9)	-	(0.9)
	12.4	**70.9**	**83.3**	66.2	-	66.2
			US¢			US¢
Earnings per share *(note 7)*						
- basic			**8.46**			6.84
- diluted			**8.42**			6.79

Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st December 2009

	2009 US$m	2008 US$m
Profit for the year	**83.3**	66.2
Other comprehensive income		
Revaluation of properties	**(29.4)**	(50.3)
Revaluation of other investments	**-**	0.2
Actuarial gains/(losses) on employee benefit plans	**8.7**	(27.6)
Net exchange translation differences		
- gains/(losses) arising during the year	**21.9**	(63.7)
- transfer to profit and loss	**-**	(0.7)
	21.9	(64.4)
Fair value gains/(losses) on cash flow hedges	**7.2**	(18.0)
Share of other comprehensive income of associates and joint venture	**(14.0)**	(21.5)
Tax relating to components of other comprehensive income *(note 6)*	**6.1**	24.7
Other comprehensive income for the year	**0.5**	(156.9)
Total comprehensive income for the year	**83.8**	(90.7)
Attributable to:		
Shareholders of the Company	**84.4**	(87.2)
Minority interests	**(0.6)**	(3.5)
	83.8	(90.7)

Mandarin Oriental International Limited
Consolidated Balance Sheet
as at 31st December 2009

	2009 US$m	2008 US$m
Net assets		
Intangible assets	**232.3**	232.3
Tangible assets *(note 9)*	**880.7**	860.8
Associates and joint venture	**123.0**	155.5
Other investments	**4.3**	3.9
Loans receivable	**3.1**	4.8
Pension assets	**16.5**	6.6
Deferred tax assets	**15.5**	16.5
Non-current assets	**1,275.4**	1,280.4
Stocks	**4.2**	4.1
Debtors and prepayments	**57.5**	61.3
Current tax assets	**6.8**	15.2
Cash at bank	**561.6**	514.9
Current assets	**630.1**	595.5
Creditors and accruals	**(91.5)**	(92.9)
Current borrowings *(note 10)*	**(120.2)**	(7.4)
Current tax liabilities	**(4.9)**	(5.2)
Current liabilities	**(216.6)**	(105.5)
Net current assets	**413.5**	490.0
Long-term borrowings *(note 10)*	**(557.1)**	(653.9)
Deferred tax liabilities	**(85.6)**	(85.8)
Pension liabilities	**(0.5)**	-
Other non-current liabilities	**(12.7)**	(19.2)
	1,033.0	1,011.5
Total equity		
Share capital	**49.4**	49.2
Share premium	**171.3**	168.9
Revenue and other reserves	**807.8**	788.3
Shareholders' funds	**1,028.5**	1,006.4
Minority interests	**4.5**	5.1
	1,033.0	1,011.5

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity
for the year ended 31st December 2009

	Attributable to shareholders of the Company									
	Share capital US$m	Share premium US$m	Capital reserves US$m	Revenue reserves US$m	Asset revaluation reserves US$m	Hedging reserves US$m	Exchange reserves US$m	Total US$m	Attributable to minority interests US$m	Total equity US$m
2009										
At 1st January	49.2	168.9	268.4	415.5	220.0	(16.3)	(99.3)	1,006.4	5.1	**1,011.5**
Total comprehensive income	-	-	-	90.7	(38.0)	5.6	26.1	84.4	(0.6)	**83.8**
Dividends paid by the Company	-	-	-	(68.9)	-	-	-	(68.9)	-	**(68.9)**
Issue of shares	0.2	2.4	-	-	-	-	-	2.6	-	**2.6**
Employee share option schemes	-	-	4.0	-	-	-	-	4.0	-	**4.0**
Transfer between reserves	-	-	-	(0.5)	0.5	-	-	-	-	**-**
At 31st December	**49.4**	**171.3**	**272.4**	**436.8**	**182.5**	**(10.7)**	**(73.2)**	**1,028.5**	**4.5**	**1,033.0**
2008										
At 1st January	48.7	163.5	264.3	440.0	262.9	(2.0)	(25.1)	1,152.3	8.0	1,160.3
Total comprehensive income	-	-	-	44.2	(42.9)	(14.3)	(74.2)	(87.2)	(3.5)	(90.7)
Dividends paid by the Company	-	-	-	(68.7)	-	-	-	(68.7)	-	(68.7)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(0.1)	(0.1)
Issue of shares	0.5	5.4	-	-	-	-	-	5.9	-	5.9
Employee share option schemes	-	-	4.1	-	-	-	-	4.1	-	4.1
Change in attributable interests	-	-	-	-	-	-	-	-	0.7	0.7
At 31st December	49.2	168.9	268.4	415.5	220.0	(16.3)	(99.3)	1,006.4	5.1	1,011.5

Total comprehensive income included in revenue reserves comprises profit attributable to shareholders of the Company of US$83.3 million (2008: US$67.1 million) and actuarial gains on employee benefit plans of US$7.4 million (2008: actuarial losses of US$23.0 million). In 2008, this also included fair value gains on revaluation of other investments of US$0.1 million.

Mandarin Oriental International Limited
Consolidated Cash Flow Statement
for the year ended 31st December 2009

	2009 US$m	2008 US$m
Operating activities		
Operating profit *(note 3)*	**23.6**	86.2
Depreciation	**38.7**	37.8
Amortization of intangible assets	**2.0**	1.5
Non-cash items	**10.8**	3.2
Movements in working capital	**(0.2)**	0.5
Interest received	**4.0**	13.4
Interest and other financing charges paid	**(18.1)**	(31.8)
Tax refund/(paid)	**10.6**	(6.9)
	71.4	103.9
Dividends from associates and joint venture	**9.9**	20.0
Cash flows from operating activities	**81.3**	123.9
Investing activities		
Purchase of tangible assets	**(51.0)**	(68.8)
Purchase of intangible assets	**(4.3)**	(9.6)
Investment in and loans to associates	**(4.2)**	-
Advance of mezzanine loans	**(1.3)**	(1.4)
Purchase of other investments	**(0.3)**	(0.7)
Proceeds on disposal of joint venture *(note 5)*	**90.0**	-
Capital distribution from associates	**-**	23.2
Cash flows from investing activities	**28.9**	(57.3)
Financing activities		
Issue of shares	**2.7**	5.8
Drawdown of borrowings	**11.9**	35.3
Repayment of borrowings	**(11.0)**	(11.9)
Dividends paid by the Company *(note 12)*	**(68.9)**	(68.7)
Dividends paid to minority shareholders	**-**	(0.1)
Cash flows from financing activities	**(65.3)**	(39.6)
Effect of exchange rate changes	**1.6**	(4.4)
Net increase in cash and cash equivalents	**46.5**	22.6
Cash and cash equivalents at 1st January	**514.7**	492.1
Cash and cash equivalents at 31st December	**561.2**	514.7

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.

(i) Standards, amendments and interpretations effective in 2009 which are relevant to the Group's operations

IFRS 8	Operating Segments
IAS 1 (revised 2007)	Presentation of Financial Statements
IAS 23 (revised 2007)	Borrowing Costs
Amendment to IFRS 1 and IAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to IFRS 2	Vesting Conditions and Cancellations
Amendments to IFRS 7	Improving Disclosures about Financial Instruments
Improvements to IFRSs (2008)	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the above standards, amendments and interpretations does not have a material impact on the Group's financial statements.

(ii) Standards and amendments early adopted by the Group

IFRS 3 (revised 2008)	Business Combinations
IAS 27 (amended 2008)	Consolidated and Separate Financial Statements

(iii) Standards, amendments and interpretations effective after 2009 which are relevant to the Group's operations and yet to be adopted

IFRS 9	Financial Instruments
IAS 24	Related Party Disclosures
Amendment to IAS 32	Classification of Rights Issues
Amendment to IAS 39	Eligible Hedged Items
Improvements to IFRSs (2009)	
IAS 17 (Amended)	Leases
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement

2. REVENUE

	2009 US$m	2008 US$m
By geographical area:		
Hong Kong and Macau	**163.6**	207.3
Other Asia	**101.4**	116.3
Europe	**118.1**	141.2
The Americas	**54.9**	65.2
	438.0	530.0

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

	2009 US$m	2008 US$m
By geographical area:		
Hong Kong and Macau	**45.8**	73.4
Other Asia	**3.7**	15.0
Europe	**26.3**	34.6
The Americas	**(7.3)**	2.5
EBITDA from subsidiaries before provisions against asset impairment	**68.5**	125.5
Less provisions against asset impairment *(refer note 8)*		
Europe	**(0.8)**	-
The Americas	**(3.4)**	-
EBITDA from subsidiaries	**64.3**	125.5
Less depreciation and amortization	**(40.7)**	(39.3)
Operating profit	**23.6**	86.2

4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURE

	EBITDA US$m	Depreciation and amortization US$m	Operating profit/ (loss) US$m	Net financing charges US$m	Tax US$m	Net (loss)/ profit US$m
2009						
By geographical area:						
Hong Kong and Macau	0.1	-	0.1	-	-	**0.1**
Other Asia	18.0	(7.4)	10.6	(2.3)	(0.9)	**7.4**
The Americas	0.9	(2.9)	(2.0)	(4.2)	(0.4)	**(6.6)**
	19.0	(10.3)	8.7	(6.5)	(1.3)	**0.9**
Less provision against asset impairment in Other Asia *(refer note 8)*	(5.7)	-	(5.7)	-	-	**(5.7)**
	13.3	**(10.3)**	**3.0**	**(6.5)**	**(1.3)**	**(4.8)**
2008						
By geographical area:						
Hong Kong and Macau	4.9	(1.8)	3.1	(0.3)	-	2.8
Other Asia	26.4	(7.4)	19.0	(2.9)	(2.9)	13.2
The Americas	7.1	(2.5)	4.6	(4.6)	(0.7)	(0.7)
	38.4	(11.7)	26.7	(7.8)	(3.6)	15.3

The Directors have reviewed the carrying value of all operating properties owned by associates at 31st December 2009 in consultation with the Group's independent, professionally qualified valuers. The Group's share of the underlying net revaluation deficit of US$18.2 million (2008: US$11.1 million) has been recognized in other comprehensive income.

5. GAIN ON DISPOSAL OF JOINT VENTURE

The sale of the Group's 50% interest in Mandarin Oriental, Macau was completed on 15th June 2009. The hotel was valued at US$205.0 million for the purpose of the sale. On disposal of its 50% interest, the Group received proceeds of US$90.0 million, with a post-tax gain of US$80.8 million. The Group continues to manage the hotel for a period of up to two years under a short-term management agreement.

6. TAX

	2009 US$m	2008 US$m
Tax charged/(credited) to profit and loss is analyzed as follows:		
Current tax	**(2.3)**	6.7
Deferred tax	**3.4**	11.6
	1.1	18.3
By geographical area:		
Hong Kong and Macau	**5.5**	9.3
Other Asia	**0.8**	3.9
Europe	**2.6**	9.4
The Americas	**(7.8)**	(4.3)
	1.1	18.3

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 venture of US$1.3 million (2008: US$3.6 million) are included in share of results of associates and joint venture *(refer note 4)*.

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

Revaluation of properties	**8.9**	16.5
Defined benefit pension plan	**(1.3)**	4.6
Fair value change on other investments	**-**	(0.1)
Cash flow hedges	**(1.5)**	3.7
	6.1	24.7

7. EARNINGS PER SHARE

Basic earnings per share are calculated on the profit attributable to shareholders of US$83.3 million (2008: US$67.1 million) and on the weighted average number of 985.1 million (2008: 980.7 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$83.3 million (2008: US$67.1 million) and on the weighted average number of 989.4 million (2008: 988.8 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.

7. EARNINGS PER SHARE *(continued)*

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

	Ordinary shares in millions	
	2009	2008
Weighted average number of shares in issue	**985.1**	980.7
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	**4.3**	8.1
Weighted average number of shares for diluted earnings per share	**989.4**	988.8

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:

	2009			2008		
	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	**12.4**	**1.26**	**1.25**	67.1	6.84	6.79
Non-trading items *(refer note 8)*	**70.9**	**7.20**	**7.17**	-	-	-
Profit attributable to shareholders	**83.3**	**8.46**	**8.42**	67.1	6.84	6.79

8. 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 items include the gain from disposal of a hotel interest and provisions against asset impairment, which are non-recurring in nature.

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

	2009 US$m	2008 US$m
Gain on disposal of joint venture	**80.8**	-
Provisions against asset impairment in subsidiaries	**(4.2)**	-
Provision against asset impairment in associates	**(5.7)**	-
	70.9	-

9. TANGIBLE ASSETS AND CAPITAL COMMITMENTS

	2009 US$m	2008 US$m
Opening net book value	**860.8**	995.0
Exchange differences	**40.3**	(108.7)
Additions	**47.7**	62.6
Depreciation charge	**(38.7)**	(37.8)
Revaluation deficit	**(29.4)**	(50.3)
Closing net book value	**880.7**	860.8
Capital commitments	**111.6**	91.1

The Directors have reviewed the carrying values of all properties at 31st December 2009 in consultation with the Group's independent, professionally qualified valuers. The Directors are of the opinion that there is a decrease in the fair value of properties of US$29.4 million (2008: US$50.3 million). After reducing the deferred tax liabilities by US$8.9 million (2008: US$16.5 million) on the fair value decrease, US$20.5 million (2008: US$33.8 million) has been taken to other comprehensive income.

Freehold land and buildings include a property valued at US$114.9 million (2008: US$126.0 million), which is stated net of tax increment financing of US$28.1 million (2008: US$29.0 million) *(refer note 11)*.

10. BORROWINGS

	2009 US$m	2008 US$m
Bank loans	**666.7**	650.9
Other borrowings	**8.9**	8.7
Tax increment financing *(refer note 11)*	**1.7**	1.7
	677.3	661.3
Current	**120.2**	7.4
Long-term	**557.1**	653.9
	677.3	661.3

11. TAX INCREMENT FINANCING

	2009 US$m	2008 US$m
Netted off against the net book value of property *(refer note 9)*	**28.1**	29.0
Loan *(refer note 10)*	**1.7**	1.7
	29.8	30.7

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 9)*. The loan of US$1.7 million (2008: US$1.7 million) is included in long-term borrowings *(refer note 10)*.

12. DIVIDENDS

	2009 US$m	2008 US$m
Final dividend in respect of 2008 of US¢5.00 (2007: US¢5.00) per share	**49.2**	49.0
Interim dividend in respect of 2009 of US¢2.00 (2008: US¢2.00) per share	**19.7**	19.7
	68.9	68.7

A final dividend in respect of 2009 of US¢5.00 (2008: US¢5.00) per share amounting to a total of US$49.4 million (2008: US$49.2 million) is proposed by the Board. The 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 2010.

13. RELATED PARTY TRANSACTIONS

The Group managed six associate hotels (2008: seven associate and joint venture hotels) and received management fees of US$8.9 million (2008: US$14.5 million) based on long-term management agreements on normal commercial terms.

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 details in the Corporate Governance section of the Company's 2009 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 might 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.

   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, and 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 such competition may lead to reduced margins.

   The Group competes with other luxury hotel operators for management opportunities, and a failure to compete successfully or to establish and maintain relationships with hotel owners could adversely affect the Group's business.

   The Group also makes investment decisions in respect of new hotel properties that take time to come to fruition and achieve the desired returns and are, therefore, subject to market risks, including the oversupply of hotel rooms. Mandarin Oriental's continued development depends on the opening of individual hotels, which are primarily controlled by third party owners and developers and can be subject to delays for reasons such as planning and construction issues, sourcing of adequate capital, 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 which could be expected to seriously affect economic activity and the ability of our business to operate smoothly. 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 and earthquakes.

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 condition and results of operations of certain hotels.

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 2009 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
John R Witt

Directors

4th March 2010

The final dividend of US¢5.00 per share will be payable on 12th May 2010, subject to approval at the Annual General Meeting to be held on 5th May 2010, to shareholders on the register of members at the close of business on 19th March 2010. The ex-dividend date will be on 17th March 2010, and the share registers will be closed from 22nd to 26th March 2010, 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 2009 final dividend by notifying the United Kingdom transfer agent in writing by 23rd April 2010. The sterling equivalent of dividends declared in United States Dollars will be calculated by reference to a rate prevailing on 28th April 2010. 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, 41 hotels representing over 10,000 rooms in 26 countries, with 17 hotels in Asia, 13 in The Americas and 11 in Europe, Middle East and North Africa. In addition, the Group operates, or has under development, 13 *Residences at Mandarin Oriental* connected to its properties. The Group has equity interests in many of its properties and net assets of approximately US$2.1 billion as at 31st December 2009.

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 its primary share listing in London, and 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 2009 can be accessed through the Internet at 'www.mandarinoriental.com'.