

# news release

Mandarin Oriental International Limited

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To: Business Editor

29th July 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 HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2010**

### **Highlights**

- Occupancy-led recovery continues
- New Mandarin Oriental hotel opened in Macau
- Hotel projects in Abu Dhabi and Doha announced

“While a full recovery is dependent on global economic conditions, the Group’s performance is expected to improve as rates and occupancies continue to move towards pre-crisis levels.”

Simon Keswick, *Chairman*  
29th July 2010

### **Results**

	(unaudited)		
	Six months ended 30th June		
	2010	Restated 2009	Change
	US\$m	US\$m	%
Combined total revenue of hotels under management <sup>(1)</sup>	474.2	389.7	+22
EBITDA (Earnings before interest, tax, depreciation and amortization) <sup>(2)</sup>	57.8	34.5	+68
Underlying profit attributable to shareholders <sup>(3)</sup>	13.5	1.1	n/a
Profit attributable to shareholders	13.5	74.2	-82
	US¢	US¢	%
Underlying earnings per share <sup>(3)</sup>	1.36	0.11	n/a
Earnings per share	1.36	7.53	-82
Interim dividend per share	2.00	2.00	-
	US\$	US\$	%
Net asset value per share	0.87	0.92	-5
Adjusted net asset value per share <sup>(4)</sup>	2.12	2.11	+1
Net debt/shareholders’ funds	17%	13%	
Net debt/adjusted shareholders’ funds <sup>(4)</sup>	7%	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 interim dividend of US¢2.00 per share will be payable on 13th October 2010 to shareholders on the register of members at the close of business on 20th August 2010. The ex-dividend date will be on 18th August 2010, and the share registers will be closed from 23rd to 27th August 2010, inclusive.

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**MANDARIN ORIENTAL INTERNATIONAL LIMITED**  
**HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2010**

**OVERVIEW**

Occupancy in the Group's hotels benefited from increased demand in the first half of 2010. The strongest performances were in Asia, particularly Hong Kong. Occupancies have, however, not yet reached the levels achieved in 2008, limiting the Group's capacity to raise average room rates. Across the portfolio, strict cost control measures continued to be enforced, and the hotels have successfully maintained or enhanced their relative market positions.

**PERFORMANCE**

Earnings before interest, tax, depreciation and amortization for the first six months of 2010 were US\$58 million compared to US\$35 million in the first half of 2009. The Group's underlying profit for the period was US\$13 million, up from US\$1 million in the same period in 2009. Profit attributable to shareholders was also US\$13 million, which compares with US\$74 million in the first half of 2009 which included a gain on a property disposal.

For the first six months of 2010, underlying earnings per share were US¢1.36, compared with US¢0.11 in 2009 or US¢7.53 including the non-trading items.

An unchanged interim dividend of US¢2.00 per share has been declared.

**GROUP REVIEW**

*Subsidiaries*

The Group's two wholly-owned Hong Kong hotels benefited from increased demand particularly from the corporate segment. At Mandarin Oriental, Hong Kong, revenue per available room ('RevPAR') increased by 46% over the same period last year, with improvements in both occupancy and rate. The Excelsior, Hong Kong also achieved stronger occupancy, at 84%, and produced an increase in RevPAR of 30%. Mandarin Oriental, Tokyo, which operates under a long-term lease, attracted higher occupancy despite new competitive supply in the market. The Manila hotel saw an increase in its corporate travel segment. Mandarin Oriental, Jakarta achieved a significantly higher average rate

following its re-opening at the end of 2009 after a comprehensive renovation, but it will need time to build occupancy in an over-supplied market.

In Europe, the performance of the Group's wholly-owned London hotel remained strong in a market which was less affected in 2009 by the weaker global economy. Both the Munich and Geneva hotels recorded higher RevPAR as a result of strengthening demand. In the USA, the first-half performance at the 80%-owned Washington D.C. hotel declined in comparison with the same period in 2009, which had benefited from activities surrounding the Presidential Inauguration.

#### *Associates and Joint Ventures*

The share of results of associates and joint ventures rose due to stronger market conditions in Singapore, Kuala Lumpur, New York and Miami. Bangkok started the year well, but was impacted by political protests from March onwards.

#### **DEVELOPMENTS**

Mandarin Oriental currently operates 26 hotels and has a further 16 under development. Together these represent 17 hotels in Asia, 13 hotels in The Americas and 12 hotels in Europe, Middle East and North Africa. In addition the Group operates, or has under development, 14 *Residences at Mandarin Oriental* connected to the Group's properties.

The new 213-room Mandarin Oriental, Macau, located in the prestigious *One Central* complex, opened at the end of June. The Group has recently announced that it will brand and manage the 92 *Residences and Apartments at Mandarin Oriental* located above the hotel.

In the first half of 2010, Mandarin Oriental announced two new management contracts that will give the Group its first presence in the Middle East. Mandarin Oriental, Abu Dhabi will open in 2013 with 195 rooms and 50 *Residences at Mandarin Oriental*. Mandarin Oriental, Doha will open in 2014 with 160 rooms and 95 serviced apartments.

While some of the current 16 development projects continue to face delays, the Group is reviewing an increasing number of opportunities in key city centre and resort destinations around the world.

## **OUTLOOK**

While a full recovery is dependent on global economic conditions, the Group's performance is expected to improve as rates and occupancies continue to move towards pre-crisis levels.

Simon Keswick

*Chairman*

29th July 2010

**Mandarin Oriental International Limited**  
**Consolidated Profit and Loss Account**

	(unaudited)						Year ended 31st December		
	Six months ended 30th June			Six months ended 30th June			Restated 2009		
	2010	2010	2010	2009	2009	2009	2009	2009	2009
	Underlying	Non-trading	Total	Underlying	Non-trading	Total	Underlying	Non-trading	Total
	US\$m	items	US\$m	US\$m	items	US\$m	US\$m	items	US\$m
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Revenue <i>(note 2)</i>	237.3	-	237.3	205.2	-	205.2	438.0	-	438.0
Cost of sales	(154.3)	-	(154.3)	(142.3)	-	(142.3)	(298.1)	-	(298.1)
Gross profit	83.0	-	83.0	62.9	-	62.9	139.9	-	139.9
Selling and distribution costs	(17.5)	-	(17.5)	(15.7)	-	(15.7)	(33.6)	-	(33.6)
Administration expenses	(40.3)	-	(40.3)	(34.2)	-	(34.2)	(78.5)	(4.2)	(82.7)
Operating profit <i>(note 3)</i>	25.2	-	25.2	13.0	-	13.0	27.8	(4.2)	23.6
Financing charges	(7.6)	-	(7.6)	(10.0)	-	(10.0)	(19.1)	-	(19.1)
Interest income	0.6	-	0.6	2.0	-	2.0	3.9	-	3.9
Net financing charges	(7.0)	-	(7.0)	(8.0)	-	(8.0)	(15.2)	-	(15.2)
Share of results of associates and joint ventures <i>(note 4)</i>	1.7	-	1.7	(1.1)	(5.4)	(6.5)	0.9	(5.7)	(4.8)
Gain on disposal of joint venture <i>(note 5)</i>	-	-	-	-	78.5	78.5	-	80.8	80.8
Profit before tax	19.9	-	19.9	3.9	73.1	77.0	13.5	70.9	84.4
Tax <i>(note 6)</i>	(6.4)	-	(6.4)	(2.8)	-	(2.8)	(1.1)	-	(1.1)
Profit after tax	13.5	-	13.5	1.1	73.1	74.2	12.4	70.9	83.3
Attributable to:									
Shareholders of the Company	13.5	-	13.5	1.1	73.1	74.2	12.5	70.9	83.4
Minority interests	-	-	-	-	-	-	(0.1)	-	(0.1)
	13.5	-	13.5	1.1	73.1	74.2	12.4	70.9	83.3
			US¢			US¢			US¢
<b>Earnings per share <i>(note 7)</i></b>									
- basic			1.36			7.53			8.47
- diluted			1.36			7.50			8.43

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**Mandarin Oriental International Limited**  
**Consolidated Statement of Comprehensive Income**


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	(unaudited) Six months ended 30th June Restated 2009 US\$m	Year ended 31st December Restated 2009 US\$m
Profit for the period	<b>13.5</b>	74.2
Actuarial losses on employee benefit plans	-	-
Net exchange translation differences	<b>(17.3)</b>	13.7
Fair value (losses)/gains on cash flow hedges	<b>(6.7)</b>	6.8
Share of other comprehensive income of associates	<b>1.4</b>	0.1
Tax relating to components of other comprehensive income ( <i>note 6</i> )	<b>0.9</b>	(1.3)
Other comprehensive income for the period	<b>(21.7)</b>	19.3
Total comprehensive income for the period	<b>(8.2)</b>	93.5
Attributable to:		
Shareholders of the Company	<b>(7.5)</b>	93.8
Minority interests	<b>(0.7)</b>	(0.1)
	<b>(8.2)</b>	93.5

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**Mandarin Oriental International Limited**  
**Consolidated Balance Sheet**


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	(unaudited) At 30th June Restated 2010 US\$m	2009 US\$m	At 31st December Restated 2009 US\$m
<b>Net assets</b>			
Intangible assets	48.7	46.6	46.9
Tangible assets	948.2	961.2	976.6
Associates and joint ventures	70.7	63.7	68.4
Other investments	4.5	4.1	4.3
Loans receivable	4.2	4.8	3.1
Pension assets	16.0	6.3	16.5
Deferred tax assets	16.3	17.3	15.5
Non-current assets	<b>1,108.6</b>	1,104.0	1,131.3
Stocks	4.0	3.7	4.2
Debtors and prepayments	59.2	57.7	57.5
Current tax assets	6.5	15.1	6.8
Cash at bank	419.3	562.9	561.6
Current assets	<b>489.0</b>	639.4	630.1
Creditors and accruals	(79.0)	(79.7)	(91.5)
Current borrowings	(28.4)	(98.1)	(120.2)
Current tax liabilities	(5.9)	(4.9)	(4.9)
Current liabilities	<b>(113.3)</b>	(182.7)	(216.6)
Net current assets	<b>375.7</b>	456.7	413.5
Long-term borrowings	(538.0)	(585.1)	(557.1)
Deferred tax liabilities	(61.7)	(51.3)	(58.9)
Pension liabilities	(0.5)	-	(0.5)
Other non-current liabilities	(19.9)	(13.3)	(12.7)
	<b>864.2</b>	911.0	915.6
<b>Total equity</b>			
Share capital	49.6	49.3	49.4
Share premium	175.6	170.2	171.3
Revenue and other reserves	635.3	687.3	690.5
Shareholders' funds	<b>860.5</b>	906.8	911.2
Minority interests	3.7	4.2	4.4
	<b>864.2</b>	911.0	915.6

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**Mandarin Oriental International Limited**  
**Consolidated Statement of Changes in Equity**

	Attributable to shareholders of the Company							Attributable to shareholders of the Company US\$m	Attributable to minority interests US\$m	Total equity US\$m
	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			
<b>Six months ended 30th June 2010</b>										
At 1st January 2010										
- as previously reported	49.4	171.3	272.4	436.8	182.5	(10.7)	(73.2)	1,028.5	4.5	<b>1,033.0</b>
- change in accounting policy for owner-occupied properties	-	-	-	6.0	(182.5)	-	59.2	(117.3)	(0.1)	<b>(117.4)</b>
- as restated	49.4	171.3	272.4	442.8	-	(10.7)	(14.0)	911.2	4.4	<b>915.6</b>
Total comprehensive income	-	-	-	13.5	-	(5.9)	(15.1)	(7.5)	(0.7)	<b>(8.2)</b>
Dividends paid by the Company	-	-	-	(49.4)	-	-	-	(49.4)	-	<b>(49.4)</b>
Issue of shares	0.2	4.3	-	-	-	-	-	4.5	-	<b>4.5</b>
Employee share option schemes	-	-	1.7	-	-	-	-	1.7	-	<b>1.7</b>
At 30th June 2010	<b>49.6</b>	<b>175.6</b>	<b>274.1</b>	<b>406.9</b>	<b>-</b>	<b>(16.6)</b>	<b>(29.1)</b>	<b>860.5</b>	<b>3.7</b>	<b>864.2</b>
<b>Six months ended 30th June 2009</b>										
At 1st January 2009										
- as previously reported	49.2	168.9	268.4	415.5	220.0	(16.3)	(99.3)	1,006.4	5.1	1,011.5
- change in accounting policy for owner-occupied properties	-	-	-	5.4	(220.0)	-	67.3	(147.3)	(0.6)	(147.9)
- as restated	49.2	168.9	268.4	420.9	-	(16.3)	(32.0)	859.1	4.5	863.6
Total comprehensive income	-	-	-	74.2	-	5.4	14.2	93.8	(0.3)	93.5
Dividends paid by the Company	-	-	-	(49.2)	-	-	-	(49.2)	-	(49.2)
Issue of shares	0.1	1.3	-	-	-	-	-	1.4	-	1.4
Employee share option schemes	-	-	1.7	-	-	-	-	1.7	-	1.7
At 30th June 2009	<b>49.3</b>	<b>170.2</b>	<b>270.1</b>	<b>445.9</b>	<b>-</b>	<b>(10.9)</b>	<b>(17.8)</b>	<b>906.8</b>	<b>4.2</b>	<b>911.0</b>
<b>Year ended 31st December 2009</b>										
At 1st January 2009										
- as previously reported	49.2	168.9	268.4	415.5	220.0	(16.3)	(99.3)	1,006.4	5.1	1,011.5
- change in accounting policy for owner-occupied properties	-	-	-	5.4	(220.0)	-	67.3	(147.3)	(0.6)	(147.9)
- as restated	49.2	168.9	268.4	420.9	-	(16.3)	(32.0)	859.1	4.5	863.6
Total comprehensive income	-	-	-	90.8	-	5.6	18.0	114.4	(0.1)	114.3
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
At 31st December 2009	<b>49.4</b>	<b>171.3</b>	<b>272.4</b>	<b>442.8</b>	<b>-</b>	<b>(10.7)</b>	<b>(14.0)</b>	<b>911.2</b>	<b>4.4</b>	<b>915.6</b>

Total comprehensive income for the six months ended 30th June 2010 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$13.5 million (2009: US\$74.2 million).

Total comprehensive income for the year ended 31st December 2009 included in revenue reserves comprises profit attributable to shareholders of the Company of US\$83.4 million, and actuarial gains on employee benefit plans of US\$7.4 million.



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**Mandarin Oriental International Limited**  
**Consolidated Cash Flow Statement**


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	(unaudited) Six months ended 30th June Restated <b>2010</b> US\$m	Year ended 31st December Restated 2009 US\$m
<b>Operating activities</b>		
Operating profit	<b>25.2</b>	13.0
Depreciation	<b>19.7</b>	18.6
Amortization of intangible assets	<b>0.9</b>	0.6
Non-cash items	<b>2.3</b>	2.0
Movements in working capital	<b>(10.9)</b>	(8.5)
Interest received	<b>0.6</b>	1.1
Interest and other financing charges paid	<b>(7.0)</b>	(9.5)
Tax (paid)/refund	<b>(2.3)</b>	(3.0)
	<b>28.5</b>	14.3
Dividends from associates and joint ventures	<b>2.8</b>	7.1
Cash flows from operating activities	<b>31.3</b>	21.4
		81.3
<b>Investing activities</b>		
Purchase of tangible assets	<b>(18.4)</b>	(21.9)
Purchase of intangible assets	<b>(5.7)</b>	(0.7)
Investment in and loans to associates	<b>(1.9)</b>	(0.7)
Advance of mezzanine loans	<b>(2.6)</b>	-
Purchase of other investments	<b>(0.2)</b>	(0.2)
Proceeds on disposal of joint venture	<b>-</b>	91.1
Cash flows from investing activities	<b>(28.8)</b>	67.6
		28.9
<b>Financing activities</b>		
Issue of shares	<b>4.4</b>	1.5
Drawdown of borrowings	<b>-</b>	12.0
Repayment of borrowings	<b>(98.7)</b>	(6.5)
Dividends paid by the Company <i>(note 10)</i>	<b>(49.4)</b>	(49.2)
Cash flows from financing activities	<b>(143.7)</b>	(42.2)
Effect of exchange rate changes	<b>(1.5)</b>	1.3
Net (decrease)/increase in cash and cash equivalents	<b>(142.7)</b>	48.1
Cash and cash equivalents at beginning of period	<b>561.2</b>	514.7
Cash and cash equivalents at end of period	<b>418.5</b>	561.2

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**Mandarin Oriental International Limited**  
**Notes to Condensed Financial Statements**

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1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The condensed financial statements have not been audited or reviewed by the Group's auditor pursuant to the UK Auditing Practices Board guidance on the review of interim financial information.

There have been no changes to the accounting policies described in the 2009 annual financial statements except for the change in accounting policy on owner-occupied properties and the adoption of the amendments and interpretations, described in the paragraphs below.

Previously, the Group's freehold land and buildings, and the building component of owner-occupied leasehold properties were stated at valuation. Independent valuations were performed every three years on an open market basis, and in the case of the building component of leasehold properties, on the basis of depreciated replacement cost. In the intervening years, the Directors reviewed the carrying values and adjustments were made where there were material changes. Revaluation surpluses and deficits were recognized in other comprehensive income and accumulated in equity under asset revaluation reserves except for movements on individual properties below depreciated cost which were recognized in profit and loss. Leasehold land was carried at amortized cost.

With effect from 1 January 2010, the Group revised its accounting policy in respect of its freehold land and buildings and the building component of owner-occupied leasehold properties to the cost model, under which these assets are carried at cost less any accumulated depreciation and impairment. This change harmonizes the treatment of land and buildings, both freehold and leasehold, and aligns the Group's accounting policy with industry practice, enhancing the comparability of the Group's financial statements with those of its international peers. The Directors believe that the new policy provides reliable and more relevant financial information to the users of the financial statements.

This change in accounting policy has been accounted for retrospectively, and the comparative financial statements have been restated.

The following amendments and interpretation to existing standards which are effective in the current accounting period and relevant to the Group's operations are adopted in 2010:

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Amendment to IAS 39  
Improvements to IFRSs (2009)

Eligible Hedged Items

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With the exception of amendment to IAS 17 included in the 2009 improvement project, adoption of the other amendments and interpretation do not have any significant impact on the results of the Group.

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION *(continued)*

The adoption of the amendment to IAS 17 has resulted in a change in accounting policy for the classification of certain leasehold land of the Group. Previously, all leasehold land was grouped under land use rights in intangible assets and stated at cost less accumulated amortization. In accordance with the amendment, certain long-term leasehold land is classified as a finance lease and grouped under tangible assets if substantially all risks and rewards of the leasehold land have been transferred to the Group. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases.

Effect of change in accounting policies:

There is no impact on the consolidated profit and loss account for the six months ended 30th June on switching to cost model for owner-occupied properties and on the adoption of amendment to IAS 17.

The impact on the consolidated balance sheet arising from these changes is summarized below:

	Effect of					
	Switching to cost model for owner-occupied properties		Adopting amendment to IAS 17		Total	
On consolidated balance sheet at 1st January	<b>2010</b> US\$m	2009 US\$m	<b>2010</b> US\$m	2009 US\$m	<b>2010</b> US\$m	2009 US\$m
<b>Increase/(decrease) in net assets</b>						
Intangible assets	-	-	<b>(185)</b>	(186)	<b>(185)</b>	(186)
Tangible assets	<b>(89)</b>	(110)	<b>185</b>	186	<b>96</b>	76
Associates and joint ventures	<b>(55)</b>	(71)	-	-	<b>(55)</b>	(71)
Deferred tax liabilities	<b>27</b>	33	-	-	<b>27</b>	33
<b>Decrease in total equity</b>						
Revenue and other reserves	<b>(117)</b>	(147)	-	-	<b>(117)</b>	(147)
Minority interests	-	(1)	-	-	-	(1)

Improvements to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard by standard and most are effective from 1st January 2011.

Certain comparative figures have been restated to conform with the current period presentation.

## 2. REVENUE

	Six months ended 30th June	
	<b>2010</b>	2009
	<b>US\$m</b>	US\$m
	<hr/>	<hr/>
<i>By geographical area:</i>		
Hong Kong and Macau	<b>94.5</b>	74.1
Other Asia	<b>57.5</b>	47.0
Europe	<b>55.3</b>	52.8
The Americas	<b>30.0</b>	31.3
	<hr/>	<hr/>
	<b>237.3</b>	205.2
	<hr/>	<hr/>

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

	Six months ended 30th June	
	<b>2010</b>	Restated 2009
	<b>US\$m</b>	US\$m
	<hr/>	<hr/>
<i>By geographical area:</i>		
Hong Kong and Macau	<b>30.8</b>	19.9
Other Asia	<b>4.8</b>	1.2
Europe	<b>8.9</b>	10.3
The Americas	<b>1.3</b>	0.8
	<hr/>	<hr/>
EBITDA from subsidiaries	<b>45.8</b>	32.2
Less depreciation and amortization	<b>(20.6)</b>	(19.2)
	<hr/>	<hr/>
Operating profit	<b>25.2</b>	13.0
	<hr/>	<hr/>

## 4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	EBITDA US\$m	Depreciation and amortization US\$m	Operating profit/ (loss) US\$m	Net financing charges US\$m	Tax US\$m	Net profit/ (loss) US\$m
<b>Six months ended 30th June 2010</b>						
<i>By geographical area:</i>						
Other Asia	10.8	(3.9)	6.9	(1.0)	(1.7)	4.2
The Americas	1.2	(1.6)	(0.4)	(2.1)	-	(2.5)
	<b>12.0</b>	<b>(5.5)</b>	<b>6.5</b>	<b>(3.1)</b>	<b>(1.7)</b>	<b>1.7</b>
<b>Six months ended 30th June 2009</b>						
<i>By geographical area:</i>						
Hong Kong and Macau	0.1	-	0.1	-	-	0.1
Other Asia	7.5	(3.8)	3.7	(1.1)	(0.3)	2.3
The Americas	0.1	(1.4)	(1.3)	(2.1)	(0.1)	(3.5)
	7.7	(5.2)	2.5	(3.2)	(0.4)	(1.1)
Less provision against asset impairment in Other Asia( <i>refer note 8</i> )	(5.4)	-	(5.4)	-	-	(5.4)
	2.3	(5.2)	(2.9)	(3.2)	(0.4)	(6.5)

## 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 from the date of disposal.

## 6. TAX

	Six months ended 30th June	
	<b>2010</b>	2009
	<b>US\$m</b>	US\$m
Tax charged/(credited) to profit and loss is analyzed as follows:		
Current tax	<b>3.5</b>	2.9
Deferred tax	<b>2.9</b>	(0.1)
	<b>6.4</b>	2.8
<i>By geographical area:</i>		
Hong Kong and Macau	<b>3.7</b>	2.1
Other Asia	<b>0.9</b>	1.0
Europe	<b>1.7</b>	0.7
The Americas	<b>0.1</b>	(1.0)
	<b>6.4</b>	2.8

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

Cash flow hedges	<b>(0.9)</b>	1.3
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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\$1.7 million (2009: US\$0.4 million) are included in share of results of associates and joint ventures (*refer note 4*).

## 7. EARNINGS PER SHARE

Basic earnings per share are calculated on profit attributable to shareholders of US\$13.5 million (2009: US\$74.2 million) and on the weighted average number of 989.1 million (2009: 984.8 million) shares in issue during the period. 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\$13.5 million (2009: US\$74.2 million) and on the weighted average number of 995.0 million (2009: 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 period.

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

	Ordinary shares in millions	
	2010	2009
Weighted average number of shares in issue	989.1	984.8
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	5.9	4.0
Weighted average number of shares for diluted earnings per share	995.0	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.

	Six months ended 30th June					
	2010			2009		
	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢	US\$m	Basic earnings per share US¢	Diluted earnings per share US¢
Profit attributable to shareholders	13.5	1.36	1.36	74.2	7.53	7.50
Non-trading items (refer note 8)	-	-	-	(73.1)	(7.42)	(7.39)
Underlying profit attributable to shareholders	13.5	1.36	1.36	1.1	0.11	0.11

## 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:

	Six months ended 30th June	
	<b>2010</b> <b>US\$m</b>	2009 US\$m
Gain on disposal of joint venture	-	78.5
Provision against asset impairment in associates	-	(5.4)
	<u>-</u>	<u>73.1</u>

## 9. CAPITAL COMMITMENTS

	At 30th June		At 31st
	<b>2010</b> <b>US\$m</b>	2009 US\$m	December 2009 US\$m
Capital commitments	<u><b>92.1</b></u>	<u>94.2</u>	<u>111.6</u>

## 10. DIVIDENDS

An interim dividend of US¢2.00 per share has been declared in respect of 2010 (2009: US¢2.00 per share). A final dividend of US¢5.00 per share amounting to a total of US\$49.4 million has been paid in respect of 2009. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2010.

## 11. RELATED PARTY TRANSACTIONS

There have been no related parties transactions that have taken place in the first six months of the current financial year or any changes in the related parties transactions described in the last Annual Report that have had or could have a material effect on the financial position or performance of the Group.



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**Mandarin Oriental International Limited**  
**Principal Risks and Uncertainties**

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The Board has overall responsibility for risk management and internal control. The following have been identified previously as the areas of principal risk and uncertainty facing the Company, and they remain relevant in the second half of the year:

- Economic and Financial Risk
- Commercial and Market Risk
- Pandemic, Terrorism and Natural Disasters
- Key Agreements
- Intellectual Property and Value of the Brand
- Regulatory and Political Risk

For greater detail, please refer to pages 84 to 85 of the Company's Annual Report for 2009, a copy of which is available on the Company's website: [www.mandarinoriental.com](http://www.mandarinoriental.com).

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**Responsibility Statement**

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

- (a) the condensed financial statements have been prepared in accordance with IAS 34; and
- (b) the interim management report includes a fair review of all information required to be disclosed by the Disclosure and Transparency Rules 4.2.7 and 4.2.8 issued by the Financial Services Authority of the United Kingdom.

For and on behalf of the Board

Edouard Ettedgui  
Stuart Dickie

*Directors*

29th July 2010

*The interim dividend of US\$2.00 per share will be payable on 13th October 2010 to shareholders on the register of members at the close of business on 20th August 2010. The ex-dividend date will be on 18th August 2010, and the share registers will be closed from 23rd to 27th August 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 2010 interim dividend by notifying the United Kingdom transfer agent in writing by 24th September 2010. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 29th September 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, 42 hotels representing over 10,000 rooms in 27 countries, with 17 hotels in Asia, 13 in The Americas and 12 in Europe, Middle East and North Africa. In addition, the Group operates, or has under development, 14 *Residences at Mandarin Oriental* connected to its properties. The Group has equity interests in a number of its properties and net assets of approximately US\$2.1 billion as at 30th June 2010.

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.

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As permitted by the Disclosure and Transparency Rules of the Financial Services Authority of the United Kingdom, the Company will not be posting a printed version of the Half-Yearly Results announcement to shareholders. The Half-Yearly Results announcement will remain available on the Company's website, [www.mandarinoriental.com](http://www.mandarinoriental.com), together with other Group announcements.