news release

Mandarin Oriental International Limited

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To: Business Editor | 31st July 2014
For immediate release

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

MANDARIN ORIENTAL INTERNATIONAL LIMITED
HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2014

Highlights

- Continued strong performances in Hong Kong, and further stabilization in Paris
- Challenging conditions in certain markets
- Hotels opened in Taipei and Bodrum, and new management contracts for Bali and Manila
- Expansion of Mandarin Oriental, Munich announced

"While Mandarin Oriental's full-year performance may be influenced by challenging conditions in certain markets, the Group should continue to benefit from its strong competitive and financial position."

Ben Keswick, *Chairman*
31st July 2014

Results

	(unaudited) Six months ended 30th June		
	2014	2013	Change
	US$m	US$m	%
Combined total revenue of hotels under management[(1)]	**671.4**	661.1	+1
Underlying EBITDA (Earnings before interest, tax, depreciation and amortization)[(2)]	**101.5**	107.2	–5
EBITDA[(2)]	**101.5**	110.3	–8
Underlying profit before tax	**56.3**	63.4	–11
Underlying profit attributable to shareholders[(3)]	**45.6**	53.7	–15
Profit attributable to shareholders	**45.6**	56.8	–20
	US¢	US¢	%
Underlying earnings per share[(3)]	**4.55**	5.36	–15
Earnings per share	**4.55**	5.67	–20
Interim dividend per share	**2.00**	2.00	-
	US$	US$	%
Net asset value per share	**0.99**	0.94	+5
Adjusted net asset value per share[(4)]	**3.05**	2.86	+7
Net debt/shareholders' funds	**51%**	54%	
Net debt/adjusted shareholders' funds[(4)]	**17%**	18%	

(1) Combined revenue includes turnover of the Group's subsidiary hotels in addition to 100% of revenue from associate and managed hotels.
(2) EBITDA of subsidiaries plus the Group's share of EBITDA of associates.
(3) Underlying profit attributable to shareholders and underlying earnings per share exclude non-trading items such as gains on disposals, provisions against asset impairment and writebacks thereof.
(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 15th October 2014 to shareholders on the register of members at the close of business on 22nd August 2014. The ex-dividend date will be on 20th August 2014, and the share registers will be closed from 25th to 29th August 2014, inclusive.

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MANDARIN ORIENTAL INTERNATIONAL LIMITED
HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2014

OVERVIEW

While the performances of a majority of the Group's hotels were broadly stable during the first half, challenging conditions in certain markets impacted the Group's overall results. Mandarin Oriental's global hotel portfolio continues to develop and now consists of 27 properties in operation with a further 17 under development, in 25 countries.

PERFORMANCE

Underlying earnings before interest, tax, depreciation and amortization for the first six months of 2014 were US$102 million, compared to US$107 million in the first half of 2013. Included in the results were US$9 million of branding fees received in relation to the initial sales of *Residences at Mandarin Oriental* in Bodrum. The first half of 2013 benefited from a US$7 million profit recognized on acquisition of the freehold rights of the Paris hotel.

Underlying profit for the period was US$46 million, compared to US$54 million in 2013, and underlying earnings per share were US¢4.55 compared with US¢5.36 in 2013. Profit attributable to shareholders was US$46 million compared to US$57 million in the first half of 2013, which included a US$3 million non-trading writeback of a provision against asset impairment.

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

GROUP REVIEW

At the Group's two wholly-owned Hong Kong hotels, occupancy levels remained stable, allowing for further increases in average rates. Elsewhere in Asia, the results of the hotel in Bangkok were negatively impacted by the ongoing political uncertainty, and there were weaker performances in Jakarta and Manila. In Europe, further progress was made in the Paris hotel, which together with an improved performance in Geneva offset softer demand in London and Munich. In The Americas, the Group's overall performance was impacted by lower demand in Washington D.C., when compared to the same period last year, which included the 2013 Presidential Inauguration.

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BUSINESS DEVELOPMENTS

The Group has entered into an agreement with a local development partner to expand its wholly-owned hotel in Munich. A mixed-use complex is to be constructed on an adjacent site that will include a hotel element in which the Group will have a freehold interest. The Group's total investment in the project, which is due to open in 2021, is estimated at €124 million (US$169 million) in today's terms, and includes a refurbishment of the existing hotel's rooms.

During the period, two new management contracts were announced. A 120-room resort located on Bali's southern peninsula, scheduled to open in 2017; and a 275-room hotel in the heart of Manila, which will form part of a mixed-use development centrally located within Makati City when open in 2020. At the same time as announcing the new project in Manila, the Group announced the closure of the existing Mandarin Oriental, Manila, scheduled for later this year. The Group also ceased management of two unbranded hotels in the first quarter; the Grand Lapa hotel in Macau and the Elbow Beach hotel in Bermuda.

Mandarin Oriental, Taipei opened in May in the heart of the city with 303 rooms and 26 *Residences at Mandarin Oriental*, while earlier this month, Mandarin Oriental, Bodrum opened on the Turkish Riviera, with 109 rooms and 196 *Residences at Mandarin Oriental*. A further three new hotels are scheduled to open over the next 18 months, in Marrakech, Milan and Beijing.

Mandarin Oriental currently operates or has under development 44 hotels representing close to 11,000 rooms in 25 countries, with 20 hotels in Asia, ten in The Americas and 14 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.

CORPORATE DEVELOPMENTS

Following shareholder approval at a Special General Meeting held in April, the transfer of the Company's listing on the Main Market of the London Stock Exchange to the standard listing category was completed on 27th May 2014.

OUTLOOK

While Mandarin Oriental's full-year performance may be influenced by challenging conditions in certain markets, the Group should continue to benefit from its strong competitive and financial position.

Ben Keswick
Chairman
31st July 2014

Mandarin Oriental International Limited
Consolidated Profit and Loss Account

	(unaudited) Six months ended 30th June **2014**			2013			Year ended 31st December 2013		
	Underlying US$m	**Non-trading items US$m**	**Total US$m**	Underlying US$m	Non-trading items US$m	Total US$m	Underlying US$m	Non-trading items US$m	Total US$m
Revenue *(note 2)*	**341.0**	-	**341.0**	327.2	-	327.2	668.6	-	668.6
Cost of sales	**(205.5)**	-	**(205.5)**	(197.9)	-	(197.9)	(408.4)	-	(408.4)
Gross profit	**135.5**	-	**135.5**	129.3	-	129.3	260.2	-	260.2
Selling and distribution costs	**(24.0)**	-	**(24.0)**	(22.2)	-	(22.2)	(45.2)	-	(45.2)
Administration expenses	**(54.3)**	-	**(54.3)**	(46.0)	-	(46.0)	(103.2)	-	(103.2)
Operating profit *(note 3)*	**57.2**	-	**57.2**	61.1	-	61.1	111.8	-	111.8
Financing charges	**(8.9)**	-	**(8.9)**	(8.5)	-	(8.5)	(17.5)	-	(17.5)
Interest income	**1.3**	-	**1.3**	0.8	-	0.8	1.7	-	1.7
Net financing charges	**(7.6)**	-	**(7.6)**	(7.7)	-	(7.7)	(15.8)	-	(15.8)
Share of results of associates *(note 4)*	**6.7**	-	**6.7**	10.0	3.1	13.1	17.5	3.1	20.6
Profit before tax	**56.3**	-	**56.3**	63.4	3.1	66.5	113.5	3.1	116.6
Tax *(note 5)*	**(10.6)**	-	**(10.6)**	(9.0)	-	(9.0)	(19.8)	-	(19.8)
Profit after tax	**45.7**	-	**45.7**	54.4	3.1	57.5	93.7	3.1	96.8
Attributable to:									
Shareholders of the Company	**45.6**	-	**45.6**	53.7	3.1	56.8	93.2	3.1	96.3
Non-controlling interests	**0.1**	-	**0.1**	0.7	-	0.7	0.5	-	0.5
	45.7	-	**45.7**	54.4	3.1	57.5	93.7	3.1	96.8
	US¢		**US¢**	US¢		US¢	US¢		US¢
Earnings per share *(note 6)*									
- basic	**4.55**		**4.55**	5.36		5.67	9.30		9.61
- diluted	**4.53**		**4.53**	5.35		5.66	9.28		9.59

Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income

		(unaudited) Six months ended 30th June	Year ended 31st December
	2014	2013	2013
	US$m	US$m	US$m
Profit for the period	**45.7**	57.5	96.8
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	**-**	-	5.5
Tax on items that will not be reclassified	**-**	-	(0.9)
	-	-	4.6
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
- net gain/(loss) arising during the period	**0.9**	(17.7)	4.9
Fair value (losses)/gains on other investments	**(0.2)**	0.4	0.4
Fair value gains on cash flow hedges	**3.3**	5.0	8.5
Tax relating to items that may be reclassified	**(0.6)**	(1.0)	(1.6)
Share of other comprehensive income/(expense) of associates	**1.6**	(3.7)	(5.4)
	5.0	(17.0)	6.8
Other comprehensive income/(expense) for the period, net of tax	**5.0**	(17.0)	11.4
Total comprehensive income for the period	**50.7**	40.5	108.2
Attributable to:			
Shareholders of the Company	**50.6**	39.9	107.8
Non-controlling interests	**0.1**	0.6	0.4
	50.7	40.5	108.2

Mandarin Oriental International Limited
Consolidated Balance Sheet

		(unaudited) At 30th June	At 31st December
	2014	2013	2013
	US$m	US$m	US$m
Net assets			
Intangible assets	**45.0**	41.7	42.6
Tangible assets	**1,431.6**	1,407.5	1,440.5
Associates	**113.8**	113.6	110.8
Other investments	**10.1**	8.7	9.3
Loans receivable	**-**	-	-
Pension assets	**13.2**	10.0	14.4
Deferred tax assets	**2.5**	3.6	3.1
Non-current assets	**1,616.2**	1,585.1	1,620.7
Stocks	**6.4**	6.0	6.5
Debtors and prepayments *(note 13)*	**96.1**	68.0	73.7
Current tax assets	**1.0**	0.7	1.0
Cash at bank	**296.7**	267.0	316.4
Current assets	**400.2**	341.7	397.6
Creditors and accruals	**(131.7)**	(123.9)	(147.0)
Current borrowings *(note 14)*	**(416.7)**	(130.2)	(556.2)
Current tax liabilities	**(14.2)**	(13.3)	(12.1)
Current liabilities	**(562.6)**	(267.4)	(715.3)
Net current (liabilities)/assets	**(162.4)**	74.3	(317.7)
Long-term borrowings	**(387.3)**	(644.6)	(238.7)
Deferred tax liabilities	**(65.9)**	(64.0)	(65.5)
Pension liabilities	**(0.7)**	(0.6)	(0.6)
Other non-current liabilities	**(3.4)**	(5.1)	(3.5)
	996.5	945.1	994.7
Total equity			
Share capital	**50.2**	50.1	50.2
Share premium	**187.2**	184.4	186.6
Revenue and other reserves	**753.3**	704.7	752.2
Shareholders' funds	**990.7**	939.2	989.0
Non-controlling interests	**5.8**	5.9	5.7
	996.5	945.1	994.7

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity

	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
Six months ended 30th June 2014 (unaudited)									
At 1st January 2014	50.2	186.6	282.1	473.6	(6.0)	2.5	989.0	5.7	**994.7**
Total comprehensive income	-	-	-	45.4	2.7	2.5	50.6	0.1	**50.7**
Dividends paid by the Company	-	-	-	(50.1)	-	-	(50.1)	-	**(50.1)**
Issue of shares	-	-	-	-	-	-	-	-	-
Employee share option schemes	-	-	1.2	-	-	-	1.2	-	**1.2**
Transfer between reserves	-	0.6	(0.6)	-	-	-	-	-	-
At 30th June 2014	**50.2**	**187.2**	**282.7**	**468.9**	**(3.3)**	**5.0**	**990.7**	**5.8**	**996.5**
Six months ended 30th June 2013 (unaudited)									
At 1st January 2013	50.0	182.1	281.3	442.6	(12.9)	2.8	945.9	5.3	951.2
Total comprehensive income	-	-	-	57.1	4.1	(21.3)	39.9	0.6	40.5
Dividends paid by the Company	-	-	-	(50.1)	-	-	(50.1)	-	(50.1)
Issue of shares	0.1	1.6	-	-	-	-	1.7	-	1.7
Employee share option schemes	-	0.3	1.5	-	-	-	1.8	-	1.8
Transfer between reserves	-	0.4	(0.4)	-	-	-	-	-	-
At 30th June 2013	50.1	184.4	282.4	449.6	(8.8)	(18.5)	939.2	5.9	945.1
Year ended 31st December 2013									
At 1st January 2013	50.0	182.1	281.3	442.6	(12.9)	2.8	945.9	5.3	951.2
Total comprehensive income	-	-	-	101.2	6.9	(0.3)	107.8	0.4	108.2
Dividends paid by the Company	-	-	-	(70.2)	-	-	(70.2)	-	(70.2)
Issue of shares	0.2	2.7	-	-	-	-	2.9	-	2.9
Employee share option schemes	-	-	2.6	-	-	-	2.6	-	2.6
Transfer between reserves	-	1.8	(1.8)	-	-	-	-	-	-
At 31st December 2013	50.2	186.6	282.1	473.6	(6.0)	2.5	989.0	5.7	994.7

Total comprehensive income for the six months ended 30th June 2014 included in revenue reserves comprises profit attributable to shareholders of the Company of US$45.6 million (2013: US$56.8 million) and net fair value loss on other investments of US$0.2 million (2013: gain of US$0.3 million). There was no net actuarial gain on employee benefit plans in 2014 (2013: nil).

Total comprehensive income for the year ended 31st December 2013 included in revenue reserves comprises profit attributable to shareholders of the Company of US$96.3 million, net fair value gain on other investments of US$0.2 million and net actuarial gain on employee benefit plans of US$4.7 million.

Mandarin Oriental International Limited
Consolidated Cash Flow Statement

	2014 US$m	(unaudited) Six months ended 30th June 2013 US$m	Year ended 31st December 2013 US$m
Operating activities			
Operating profit	**57.2**	61.1	111.8
Depreciation	**28.0**	26.0	57.4
Amortization of intangible assets	**1.3**	1.2	2.6
Other non-cash items	**0.1**	(4.4)	(2.7)
Movements in working capital	**(14.8)**	(11.8)	9.6
Interest received	**1.3**	0.8	1.7
Interest and other financing charges paid	**(12.7)**	(9.1)	(17.9)
Tax paid	**(8.5)**	(5.3)	(18.6)
	51.9	58.5	143.9
Dividends from associates	**5.3**	4.4	13.0
Cash flows from operating activities	**57.2**	62.9	156.9
Investing activities			
Purchase of tangible assets	**(14.6)**	(17.8)	(35.9)
Purchase of intangible assets	**(1.0)**	(0.7)	(2.9)
Payment on Munich expansion *(note 13)*	**(16.9)**	-	-
Acquisition of Paris freehold interest *(note 8)*	**-**	(381.3)	(381.7)
Purchase of other investments	**(1.1)**	(1.1)	(1.8)
Cash flows from investing activities	**(33.6)**	(400.9)	(422.3)
Financing activities			
Issue of shares	**-**	2.0	2.8
Drawdown of borrowings *(note 8)*	**142.3**	204.6	202.5
Repayment of borrowings	**(135.9)**	(2.1)	(3.1)
Dividends paid by the Company *(note 9)*	**(50.1)**	(50.1)	(70.2)
Cash flows from financing activities	**(43.7)**	154.4	132.0
Net decrease in cash and cash equivalents	**(20.1)**	(183.6)	(133.4)
Cash and cash equivalents at beginning of period	**315.7**	453.4	453.4
Effect of exchange rate changes	**0.8**	(3.2)	(4.3)
Cash and cash equivalents at end of period	**296.4**	266.6	315.7

Mandarin Oriental International Limited
Notes to Condensed Financial Statements

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 been prepared on a going concern basis. 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.

The following amendments and interpretations which are effective in the current accounting period and relevant to the Group's operations are adopted in 2014:

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' are made to the application guidance in IAS 32 and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of offset' and 'simultaneous realization and settlement'.

Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' set out the changes to the disclosures when the recoverable amount is determined based on fair value less costs of disposal. The key amendments are (a) to remove the requirement to disclose the recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment, (b) to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed, and (c) to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed.

Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

IFRIC 21 'Levies' sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

There have been no changes to the accounting policies described in the 2013 annual financial statements upon the adoption of the above amendments and interpretation to existing standards. The adoption of these amendments and interpretation do not have any significant impact on the results or financial position of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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2. REVENUE

	Six months ended 30th June **2014** US$m	2013 US$m
By geographical area:		
Hong Kong	**125.4**	118.9
Other Asia	**62.4**	67.2
Europe	**121.6**	106.4
The Americas	**31.6**	34.7
	341.0	327.2

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

	Six months ended 30th June **2014** US$m	2013 US$m
By geographical area:		
Hong Kong	**44.5**	40.0
Other Asia	**11.3**	16.8
Europe	**29.5**	26.7
The Americas	**1.2**	4.8
EBITDA from subsidiaries	**86.5**	88.3
Less depreciation and amortization	**(29.3)**	(27.2)
Operating profit	**57.2**	61.1

4. SHARE OF RESULTS OF ASSOCIATES

	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
Six months ended 30th June 2014						
By geographical area:						
Other Asia	12.6	(4.4)	8.2	(0.7)	(0.7)	**6.8**
The Americas	2.4	(1.5)	0.9	(1.0)	-	**(0.1)**
	15.0	**(5.9)**	**9.1**	**(1.7)**	**(0.7)**	**6.7**
Six months ended 30th June 2013						
By geographical area:						
Other Asia	16.2	(4.6)	11.6	(0.8)	(1.1)	9.7
The Americas	2.7	(1.5)	1.2	(0.9)	-	0.3
	18.9	(6.1)	12.8	(1.7)	(1.1)	10.0
Non-trading item in Other Asia: Writeback of provision against asset impairment *(note 7)*	3.1	-	3.1	-	-	3.1
	22.0	(6.1)	15.9	(1.7)	(1.1)	13.1

5. TAX

	Six months ended 30th June	
	2014	2013
	US$m	US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**10.5**	8.1
Deferred tax	**0.1**	0.9
	10.6	9.0
By geographical area:		
Hong Kong	**6.1**	5.9
Other Asia	**0.8**	0.7
Europe	**3.7**	2.3
The Americas	**-**	0.1
	10.6	9.0

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

Fair value gains on other investments	**-**	(0.1)
Cash flow hedges	**(0.6)**	(0.9)
	(0.6)	(1.0)

Tax on profits has been calculated at rates of taxation prevailing in the territories in which the Group operates.

Share of tax charge of associates of US$0.7 million (2013: US$1.1 million) is included in share of results of associates *(refer note 4).*

6. EARNINGS PER SHARE

Basic earnings per share are calculated on the profit attributable to shareholders of US$45.6 million (2013: US$56.8 million) and on the weighted average number of 1,003.2 million (2013: 1,001.3 million) shares in issue during the period. In 2013, the weighted average number excluded 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$45.6 million (2013: US$56.8 million) and on the weighted average number of 1,006.1 million (2013: 1,003.5 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.

6. EARNINGS PER SHARE *(CONTINUED)*

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

	Ordinary shares in millions	
	2014	2013
Weighted average number of shares in issue	**1,003.2**	1,001.3
Adjustment for shares deemed to be issued for no consideration under the Senior Executive Share Incentive Schemes	**2.9**	2.2
Weighted average number of shares for diluted earnings per share	**1,006.1**	1,003.5

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					
	2014			2013		
	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	**45.6**	**4.55**	**4.53**	56.8	5.67	5.66
Non-trading items *(note 7)*	**-**	**-**	**-**	(3.1)	(0.31)	(0.31)
Underlying profit attributable to shareholders	**45.6**	**4.55**	**4.53**	53.7	5.36	5.35

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 writebacks thereof as well as 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:

	Six months ended 30th June	
	2014 US$m	2013 US$m
Writeback of provision against asset impairment	**-**	3.1

8. ACQUISITION OF PARIS FREEHOLD INTEREST

On 8th February 2013, the Group completed the acquisition of the freehold interest in the building housing Mandarin Oriental, Paris and two prime street-front retail units from Société Foncière Lyonnaise for €290.0 million (US$388.9 million). The Group had paid €10.0 million (US$13.1 million) advance deposit in late 2012; and the remaining balance together with transaction expenses of US$5.9 million was paid in 2013.

The acquisition was partly funded by new five-year €150.0 million (US$201.1 million) debt facilities, with the balance from the Group's cash reserves.

Pursuant to this acquisition, gains totalling US$7.5 million have been recognized in the profit and loss account in February 2013. These include an exchange gain arising on acquisition (US$1.9 million), the capitalization of acquisition costs (US$1.5 million), as well as the release of lease accrual of €3.1 million (US$4.1 million) as the hotel operation was previously a leasehold tenant of the freehold interest acquired.

9. DIVIDENDS

An interim dividend of US¢2.00 per share has been declared in respect of 2014 (2013: US¢2.00 per share).

A final dividend of US¢5.00 per share amounting to a total of US$50.1 million has been paid in respect of 2013. This amount has been accounted for as an appropriation of revenue reserves in the year ending 31st December 2014.

10. CAPITAL COMMITMENTS

	At 30th June		At 31st December
	2014	2013	2013
	US$m	US$m	US$m
Capital commitments	**167.6**	20.5	21.1

Capital commitments as at 30th June 2014 include US$152 million in respect of the Munich expansion project *(refer note 13)*.

11. FINANCIAL INSTRUMENTS

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 30th June 2014 and 31st December 2013 are as follows:

	Loans and receivables **US$m**	Derivatives **US$m**	Available-for-sale **US$m**	Other financial liabilities at amortized cost **US$m**	Total carrying amount **US$m**	Fair value **US$m**
30th June 2014						
Assets						
Other investments	-	-	10.1	-	10.1	10.1
Debtors	79.0	-	-	-	79.0	79.0
Bank balances and other liquid funds	296.7	-	-	-	296.7	296.7
	375.7	**-**	**10.1**	**-**	**385.8**	**385.8**
Liabilities						
Other non-current liabilities	-	(3.4)	-	-	(3.4)	(3.4)
Borrowings	-	-	-	(804.0)	(804.0)	(804.0)
Trade and other payables excluding non-financial liabilities	-	(0.3)	-	(125.5)	(125.8)	(125.8)
	-	**(3.7)**	**-**	**(929.5)**	**(933.2)**	**(933.2)**
31st December 2013						
Assets						
Other investments	-	-	9.3	-	9.3	9.3
Debtors	61.1	-	-	-	61.1	61.1
Bank balances and other liquid funds	316.4	-	-	-	316.4	316.4
	377.5	-	9.3	-	386.8	386.8
Liabilities						
Other non-current liabilities	-	(3.5)	-	-	(3.5)	(3.5)
Borrowings	-	-	-	(794.9)	(794.9)	(794.9)
Trade and other payables excluding non-financial liabilities	-	(3.5)	-	(136.8)	(140.3)	(140.3)
	-	(7.0)	-	(931.7)	(938.7)	(938.7)

11. FINANCIAL INSTRUMENTS *(CONTINUED)*

Fair value estimation

(i) Financial instruments that are measured at fair value

For financial instruments that are measured at fair value in the balance sheet, the corresponding fair value measurements are disclosed by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (‘quoted prices in active markets’)

The fair value of listed securities, which are classified as available-for-sale, is based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

(b) Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly (‘observable current market transactions’)

The fair values of all interest rate swaps and caps and forward foreign exchange contracts are determined using rates quoted by the Group’s bankers at the balance sheet date which are calculated by reference to market interest rates and foreign exchange rates.

The fair values of unlisted investments, which are classified as available-for-sale are determined using prices quoted by brokers at the balance sheet date.

(c) Inputs for assets or liabilities that are not based on observable market data (‘unobservable inputs’)

The fair value of other investments, which are classified as available-for-sale, is determined using valuation techniques by reference to observable current market transactions (including price-to-earnings and price-to-book ratios of listed securities of entities engaged in similar industries) or the market prices of the underlying investments with certain degree of entity specific estimates.

There were no changes in valuation techniques during the periods.

The table below analyzes financial instruments carried at fair value at 30th June 2014 and 31st December 2013, by the levels in the fair value measurement hierarchy:

	Quoted prices in active markets **US$m**	Observable current market transactions **US$m**	Unobservable inputs **US$m**	Total **US$m**
30th June 2014				
Assets				
Available-for-sale financial assets				
- unlisted investments	**-**	**2.8**	**7.3**	**10.1**
Liabilities				
Derivative financial instruments	**-**	**(3.7)**	**-**	**(3.7)**

11. FINANCIAL INSTRUMENTS *(CONTINUED)*

Fair value estimation (continued)
(i) Financial instruments that are measured at fair value (continued)

	Quoted prices in active markets US$m	Observable current market transactions US$m	Unobservable inputs US$m	Total US$m
31st December 2013				
Assets				
Available-for-sale financial assets				
- unlisted investments	-	3.1	6.2	9.3
Liabilities				
Derivative financial instruments	-	(7.0)	-	(7.0)

There were no transfers among the three categories during the periods.

Movement of financial instruments which are valued based on unobservable inputs during the six months ended 30th June 2014 and 2013 are as follow:

	Available-for-sale financial assets **US$m**
At 1st January 2014	6.2
Additions	1.1
At 30th June 2014	**7.3**
At 1st January 2013	4.8
Additions	0.8
At 30th June 2013	5.6

(ii) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances and other liquid funds, current creditors and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are based on market prices or are estimated using the expected future payments discounted at market interest rates.

12. RELATED PARTY TRANSACTIONS

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

The most significant of such transactions are management fees of US$7.2 million (2013: US$7.7 million) received from the Group's five (2013: 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 first six months of the current financial year.

13. MUNICH EXPANSION

On 26th March 2014, the Group announced that it had entered into an agreement with a developer for the expansion of Mandarin Oriental, Munich. The expansion will include new hotel rooms and facilities as part of a mixed-use complex estimated to open in 2021. The Group's total investment in the project, which will also include a refurbishment of the existing hotel's 73 rooms, is estimated at €124 million (US$169 million), in today's terms. As at 30th June 2014, cumulative costs paid by the Group in relation to the expansion project amounted to US$16.9 million, which have been included within Other Debtors pending transfer of title in the underlying land.

14. POST BALANCE SHEET EVENT

On 23rd July 2014, the Group entered into a new US$452 million facility with a group of ten selected banks to refinance the Group's existing US$452 million syndicated loan facilities in Hong Kong which are due to mature on 4th September 2014. The new facility is for a five-year period and secured against Mandarin Oriental, Hong Kong. The new facility comprises a US$258 million term loan and a US$194 million revolving credit facility.

Mandarin Oriental International Limited
Principal Risks and Uncertainties

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 93 to 94 of the Company's Annual Report for 2013, a copy of which is available on the Company's website www.mandarinoriental.com.

Responsibility Statement

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 Conduct Authority in the United Kingdom.

For and on behalf of the Board

Edouard Ettedgui
Stuart Dickie

Directors

31st July 2014

The interim dividend of US¢2.00 per share will be payable on 15th October 2014 to shareholders on the register of members at the close of business on 22nd August 2014. The ex-dividend date will be on 20th August 2014, and the share registers will be closed from 25th to 29th August 2014, 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 2014 interim dividend by notifying the United Kingdom transfer agent in writing by 26th September 2014. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 30th September 2014. 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. Having grown from a well-respected Asian hotel company into a global brand, the Group now operates, or has under development, 44 hotels representing close to 11,000 rooms in 25 countries, with 20 hotels in Asia, ten in The Americas and 14 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 a number of its properties and net assets worth approximately US$3.1 billion as at 30th June 2014.

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 standard listing on the London Stock Exchange as its primary listing, 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 -

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GolinHarris
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As permitted by the Disclosure and Transparency Rules of the Financial Conduct Authority in 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, together with other Group announcements.