news release

Mandarin Oriental International Limited

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MANDARIN ORIENTAL
THE HOTEL GROUP

To: Business Editor

30th July 2015
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 2015

Highlights

- Challenging conditions in a number of key markets
- Acquisition of the Hotel Ritz, Madrid in a joint venture
- Hotel opens in Milan, and a new management contract for Beijing
- US$316 million rights issue fully subscribed

"While challenging conditions in some of Mandarin Oriental's key markets are expected to influence full-year performance, the Group should continue to benefit from its strong overall competitive and financial position."

Ben Keswick
Chairman

Results

	(unaudited) Six months ended 30th June		
	2015 US$m	2014 US$m	Change %
Combined total revenue of hotels under management(1)	**640.9**	671.4	–5
Underlying EBITDA (Earnings before interest, tax, depreciation and amortization)(2)	**82.2**	101.5	–19
EBITDA(2)	**81.2**	101.5	–20
Underlying profit before tax	**40.9**	56.3	–27
Underlying profit attributable to shareholders(3)	**33.4**	45.6	–27
Profit attributable to shareholders	**32.4**	45.6	–29
	US¢	US¢	%
Underlying earnings per share(3)(4)	**2.92**	4.37	–33
Earnings per share(4)	**2.84**	4.37	–35
Interim dividend per share	**2.00**	2.00	-
	US$	US$	%
Net asset value per share(4)	**0.99**	0.95	+4
Adjusted net asset value per share(4)(5)	**2.74**	2.93	–6
Net debt/shareholders' funds	**13%**	51%	
Net debt/adjusted shareholders' funds(5)	**5%**	17%	

(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 venture.
(3) The Group uses 'underlying profit' in its internal financial reporting to distinguish between ongoing business performance and non-trading items, as more fully described in note 7 to the condensed financial statements. Management considers this to be a key measure which provides additional information to enhance understanding of the Group's underlying business performance.
(4) The comparative figures in 2014 have been adjusted to reflect the effect of the rights issue completed in April 2015.
(5) 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 14th October 2015 to shareholders on the register of members at the close of business on 21st August 2015.

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MANDARIN ORIENTAL INTERNATIONAL LIMITED
HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2015

OVERVIEW

Against a background of challenging conditions, Mandarin Oriental continued to develop its global hotel portfolio which now consists of 28 properties in operation, with a further 17 under development. This follows the acquisition of a joint venture interest in the Hotel Ritz, Madrid, the opening of Mandarin Oriental, Milan, and the announcement of a new management contract for a second hotel in Beijing. During the period the Group raised US$316 million by way of a rights issue to fund a reduction in debt and its investment in Spain.

PERFORMANCE

The Group's results for the period were affected by softer demand in Hong Kong and Paris, together with the impact of renovations at a number of properties. Underlying earnings before interest, tax, depreciation and amortization for the first six months of 2015 were US$82 million. This compares with US$102 million in the first half of 2014, which benefited from US$9 million of branding fees from *Residences at Mandarin Oriental* in Bodrum.

Underlying profit for the period was US$33 million, compared to US$46 million in 2014, and underlying earnings per share were US¢2.92 compared with US¢4.37 in 2014. Profit attributable to shareholders was US$32 million, after deducting US$1 million of acquisition transaction costs, compared to US$46 million in 2014.

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

GROUP REVIEW

In Hong Kong, a decline in demand led to lower occupancy and average rates at the Group's two wholly-owned hotels. Elsewhere in Asia, the Group's hotels in Tokyo and Bangkok benefited from increased visitor arrivals, while softer citywide corporate demand led to weaker performances in Singapore, and in Kuala Lumpur where the hotel is also undergoing a renovation. In Europe, there was an improved performance in London, but challenging conditions in Paris, a renovation in Munich and the strengthening of the US dollar led to a lower contribution from the region. In The Americas, the Group's hotels, with the exception of New York which was being refurbished, benefited from positive trading conditions and produced an increase in revenue per available room.

BUSINESS DEVELOPMENTS

In May, the Group acquired the Hotel Ritz, Madrid for €130 million (US$148 million) in a 50/50 joint venture with The Olayan Group. The hotel is to undergo a comprehensive renovation in 2017, currently estimated to cost some €90 million (US$103 million). Mandarin Oriental's investment in the project, including the acquisition, renovation and transaction expenses, is estimated to be €111 million (US$126 million). Mandarin Oriental is now managing the hotel under a long-term management agreement.

The Group has announced one new management contract for a 74-room hotel in the heart of Beijing, China, scheduled to open in 2017. The hotel, which will be the Group's second in the city, will occupy the top two floors of Hongkong Land's new luxury retail centre located in the Wangfujing district. The Group is to undertake a major £85 million (US$130 million) refurbishment of Mandarin Oriental Hyde Park, London, which is scheduled to commence in 2016 and last 18 months. During the period, the Group ceased to manage its San Francisco hotel.

Mandarin Oriental, Milan has just opened, and will be followed by a new resort in Marrakech in September. The opening of Mandarin Oriental, Doha is scheduled during the second half of 2016.

Mandarin Oriental currently operates or has under development 45 hotels representing close to 11,000 rooms in 24 countries, with 21 hotels in Asia, nine in The Americas and 15 in Europe, Middle East and North Africa. In addition, the Group operates or has under development 15 *Residences at Mandarin Oriental* connected to its properties.

CORPORATE DEVELOPMENTS

In April 2015, the Group raised US$316 million in a fully subscribed 1 for 4 rights issue. The proceeds of the issue were used to pay down debt in advance of the proposed refurbishment of Mandarin Oriental Hyde Park, London and to fund the acquisition of a 50% interest in the Hotel Ritz, Madrid.

PEOPLE

Giles White will be retiring as a Director on 31st July 2015 and we would like to thank him for his significant contribution to the Board. He will be succeeded by Jeremy Parr, formerly a senior partner of the international law firm Linklaters, who joins the Board on 1st August 2015.

OUTLOOK

While challenging conditions in some of Mandarin Oriental's key markets are expected to influence full-year performance, the Group should continue to benefit from its strong overall competitive and financial position.

Ben Keswick
Chairman

Mandarin Oriental International Limited
Consolidated Profit and Loss Account

	(unaudited) Six months ended 30th June						Year ended 31st December		
	2015			2014			2014		
	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)*	**295.2**	-	**295.2**	341.0	-	341.0	679.9	-	679.9
Cost of sales	**(180.4)**	-	**(180.4)**	(205.5)	-	(205.5)	(410.0)	-	(410.0)
Gross profit	**114.8**	-	**114.8**	135.5	-	135.5	269.9	-	269.9
Selling and distribution costs	**(18.8)**	-	**(18.8)**	(24.0)	-	(24.0)	(44.7)	-	(44.7)
Administration expenses	**(52.9)**	**(0.5)**	**(53.4)**	(54.3)	-	(54.3)	(104.4)	-	(104.4)
Operating profit *(note 3)*	**43.1**	**(0.5)**	**42.6**	57.2	-	57.2	120.8	-	120.8
Financing charges	**(8.0)**	-	**(8.0)**	(8.9)	-	(8.9)	(19.9)	-	(19.9)
Interest income	**1.1**	-	**1.1**	1.3	-	1.3	2.6	-	2.6
Net financing charges	**(6.9)**	-	**(6.9)**	(7.6)	-	(7.6)	(17.3)	-	(17.3)
Share of results of associates and joint venture *(note 4)*	**4.7**	**(0.5)**	**4.2**	6.7	-	6.7	12.3	-	12.3
Profit before tax	**40.9**	**(1.0)**	**39.9**	56.3	-	56.3	115.8	-	115.8
Tax *(note 5)*	**(7.2)**	-	**(7.2)**	(10.6)	-	(10.6)	(19.0)	-	(19.0)
Profit after tax	**33.7**	**(1.0)**	**32.7**	45.7	-	45.7	96.8	-	96.8
Attributable to:									
Shareholders of the Company	**33.4**	**(1.0)**	**32.4**	45.6	-	45.6	97.0	-	97.0
Non-controlling interests	**0.3**	-	**0.3**	0.1	-	0.1	(0.2)	-	(0.2)
	33.7	**(1.0)**	**32.7**	45.7	-	45.7	96.8	-	96.8
	US¢		**US¢**	US¢		US¢	US¢		US¢
Earnings per share *(note 6)*									
- basic	**2.92**		**2.84**	4.37		4.37	9.29		9.29
- diluted	**2.91**		**2.82**	4.35		4.35	9.25		9.25

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Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income

	2015	2014	2014
	(unaudited) Six months ended 30th June		Year ended 31st December
	US$m	US$m	US$m
Profit for the period	**32.7**	45.7	96.8
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	**-**	-	(5.6)
Tax on items that will not be reclassified	**-**	-	0.9
	-	-	(4.7)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
- net (loss)/gain arising during the period	**(10.4)**	0.9	(57.0)
Fair value losses on other investments	**-**	(0.2)	(0.1)
Fair value (losses)/gains on cash flow hedges	**(0.6)**	3.3	4.0
Tax relating to items that may be reclassified	**0.1**	(0.6)	(0.7)
Share of other comprehensive (expense)/income of associates and joint venture	**(4.4)**	1.6	(4.0)
	(15.3)	5.0	(57.8)
Other comprehensive (expense)/income for the period, net of tax	**(15.3)**	5.0	(62.5)
Total comprehensive income for the period	**17.4**	50.7	34.3
Attributable to:			
Shareholders of the Company	**16.8**	50.6	35.0
Non-controlling interests	**0.6**	0.1	(0.7)
	17.4	50.7	34.3

Mandarin Oriental International Limited
Consolidated Balance Sheet

		(unaudited) At 30th June	At 31st December
	2015	2014	2014
	US$m	US$m	US$m
Net assets			
Intangible assets	**44.5**	45.0	45.6
Tangible assets	**1,279.8**	1,431.6	1,315.1
Associates and joint venture *(note 8)*	**170.2**	113.8	101.6
Other investments	**11.3**	10.1	10.5
Loans receivable	**-**	-	-
Pension assets	**6.1**	13.2	7.3
Deferred tax assets	**2.2**	2.5	2.2
Non-current assets	**1,514.1**	1,616.2	1,482.3
Stocks	**5.7**	6.4	5.9
Debtors and prepayments *(note 9)*	**91.4**	96.1	94.5
Current tax assets	**1.3**	1.0	1.3
Cash at bank	**282.1**	296.7	324.6
Current assets	**380.5**	400.2	426.3
Creditors and accruals	**(124.6)**	(131.7)	(144.6)
Current borrowings	**(2.3)**	(416.7)	(217.0)
Current tax liabilities	**(12.2)**	(14.2)	(9.6)
Current liabilities	**(139.1)**	(562.6)	(371.2)
Net current assets/(liabilities)	**241.4**	(162.4)	55.1
Long-term borrowings	**(443.5)**	(387.3)	(510.7)
Deferred tax liabilities	**(62.9)**	(65.9)	(62.3)
Pension liabilities	**-**	(0.7)	-
Other non-current liabilities	**(3.6)**	(3.4)	(3.0)
	1,245.5	996.5	961.4
Total equity			
Share capital *(note 10)*	**62.8**	50.2	50.2
Share premium	**492.0**	187.2	188.2
Revenue and other reserves	**685.1**	753.3	718.0
Shareholders' funds	**1,239.9**	990.7	956.4
Non-controlling interests	**5.6**	5.8	5.0
	1,245.5	996.5	961.4

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 2015 (unaudited)									
At 1st January 2015	**50.2**	**188.2**	**283.1**	**495.6**	**(2.7)**	**(58.0)**	**956.4**	**5.0**	**961.4**
Total comprehensive income	**-**	**-**	**-**	**32.4**	**(0.5)**	**(15.1)**	**16.8**	**0.6**	**17.4**
Dividends paid by the Company	**-**	**-**	**-**	**(50.2)**	**-**	**-**	**(50.2)**	**-**	**(50.2)**
Issue of shares	**12.6**	**303.2**	**-**	**-**	**-**	**-**	**315.8**	**-**	**315.8**
Employee share option schemes	**-**	**-**	**1.1**	**-**	**-**	**-**	**1.1**	**-**	**1.1**
Transfer	**-**	**0.6**	**(0.6)**	**-**	**-**	**-**	**-**	**-**	**-**
At 30th June 2015	**62.8**	**492.0**	**283.6**	**477.8**	**(3.2)**	**(73.1)**	**1,239.9**	**5.6**	**1,245.5**
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	-	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

(Consolidated Statement of Changes in Equity continued on page 9)

Mandarin Oriental International Limited
Consolidated Statement of Changes in Equity *(continued)*

	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
Year ended 31st December 2014									
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	-	-	-	92.2	3.3	(60.5)	35.0	(0.7)	34.3
Dividends paid by the Company	-	-	-	(70.2)	-	-	(70.2)	-	(70.2)
Issue of shares	-	-	-	-	-	-	-	-	-
Employee share option schemes	-	-	2.6	-	-	-	2.6	-	2.6
Transfer	-	1.6	(1.6)	-	-	-	-	-	-
At 31st December 2014	50.2	188.2	283.1	495.6	(2.7)	(58.0)	956.4	5.0	961.4

Total comprehensive income for the six months ended 30th June 2015 included in revenue reserves comprises profit attributable to shareholders of the Company of US$32.4 million (2014: US$45.6 million). There was no net fair value loss on other investments in 2015 (2014: US$0.2 million).

Total comprehensive income for the year ended 31st December 2014 included in revenue reserves comprises profit attributable to shareholders of the Company of US$97.0 million and net fair value loss on other investments of US$0.1 million.

Mandarin Oriental International Limited
Consolidated Cash Flow Statement

	2015	2014	2014
	(unaudited) Six months ended 30th June		Year ended 31st December
	US$m	US$m	US$m
Operating activities			
Operating profit	**42.6**	57.2	120.8
Depreciation	**25.0**	28.0	62.4
Amortization of intangible assets	**1.2**	1.3	2.6
Other non-cash items	**1.4**	0.1	1.5
Movements in working capital	**(17.6)**	(14.8)	2.2
Interest received	**1.1**	1.3	2.6
Interest and other financing charges paid	**(6.9)**	(12.7)	(24.4)
Tax paid	**(4.6)**	(8.5)	(21.4)
	42.2	51.9	146.3
Dividends and interest from associates	**4.0**	5.3	13.2
Cash flows from operating activities	**46.2**	57.2	159.5
Investing activities			
Purchase of tangible assets	**(14.1)**	(14.6)	(29.4)
Purchase of intangible assets	**(0.6)**	(1.0)	(2.9)
Payment on Munich expansion *(note 9)*	**-**	(16.9)	(16.9)
Acquisition of Hotel Ritz, Madrid *(note 8)*	**(72.9)**	-	-
Purchase of other investments	**(0.7)**	(1.1)	(1.0)
Repayment of loans to associates	**-**	-	4.3
Sale of tangible assets	**-**	-	0.3
Cash flows from investing activities	**(88.3)**	(33.6)	(45.6)
Financing activities			
Issue of shares *(note 10)*	**315.8**	-	-
Drawdown of borrowings	**-**	142.3	512.5
Repayment of borrowings	**(261.2)**	(135.9)	(540.8)
Dividends paid by the Company *(note 11)*	**(50.2)**	(50.1)	(70.2)
Cash flows from financing activities	**4.4**	(43.7)	(98.5)
Net (decrease)/increase in cash and cash equivalents	**(37.7)**	(20.1)	15.4
Cash and cash equivalents at beginning of period	**324.3**	315.7	315.7
Effect of exchange rate changes	**(5.3)**	0.8	(6.8)
Cash and cash equivalents at end of period	**281.3**	296.4	324.3

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 which are effective in the current accounting period and relevant to the Group's operations are adopted in 2015:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements to IFRSs	2010 – 2012 Cycle
	2011 – 2013 Cycle

Amendments to IAS 19 'Employee Benefits' clarify the accounting requirements for contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle comprise a number of non-urgent but necessary amendments to IFRSs. The amendments which are relevant to the Group's operations include the followings:

Amendment to IFRS 2 'Share-based Payment' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

Amendment to IFRS 3 'Business Combinations' clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 'Financial Instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognized in profit and loss.

Amendment to IFRS 8 'Operating Segments' requires disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

Amendment to IAS 24 'Related Party Disclosures' includes, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

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

Amendment to IFRS 3 ‘Business Combinations’ clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

Amendment to IFRS 13 ‘Fair Value Measurement’ clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts within the scope of IAS 39 or IFRS 9.

There have been no changes to the accounting policies described in the 2014 annual financial statements upon the adoption of the above amendments to existing standards. The adoption of these amendments 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.

2. REVENUE

	Six months ended 30th June	
	2015	2014
	US$m	US$m
By geographical area:		
Hong Kong	**114.7**	125.4
Other Asia	**48.3**	62.4
Europe	**97.6**	121.6
The Americas	**34.6**	31.6
	295.2	341.0

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

	Six months ended 30th June	
	2015	2014
	US$m	US$m
By geographical area:		
Hong Kong	**35.0**	44.5
Other Asia	**13.1**	11.3
Europe	**15.2**	29.5
The Americas	**6.0**	1.2
Underlying EBITDA from subsidiaries	**69.3**	86.5
Non-trading item		
- Acquisition-related costs *(note 7)*	**(0.5)**	-
EBITDA from subsidiaries	**68.8**	86.5
Less depreciation and amortization	**(26.2)**	(29.3)
Operating profit	**42.6**	57.2

4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURE

	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 2015						
By geographical area:						
Other Asia	**10.4**	**(3.8)**	**6.6**	**(0.7)**	**(1.3)**	**4.6**
Europe	**0.4**	**-**	**0.4**	**-**	**(0.1)**	**0.3**
The Americas	**2.1**	**(1.3)**	**0.8**	**(1.0)**	**-**	**(0.2)**
	12.9	**(5.1)**	**7.8**	**(1.7)**	**(1.4)**	**4.7**
Non-trading item						
- Acquisition-related costs *(note 7)*	**(0.5)**	**-**	**(0.5)**	**-**	**-**	**(0.5)**
	12.4	**(5.1)**	**7.3**	**(1.7)**	**(1.4)**	**4.2**
Six months ended 30th June 2014						
By geographical area:						
Other Asia	12.6	(4.4)	8.2	(0.7)	(0.7)	6.8
Europe	-	-	-	-	-	-
The Americas	2.4	(1.5)	0.9	(1.0)	-	(0.1)
	15.0	(5.9)	9.1	(1.7)	(0.7)	6.7
Non-trading item						
- Acquisition-related costs *(note 7)*	-	-	-	-	-	-
	15.0	(5.9)	9.1	(1.7)	(0.7)	6.7

5. TAX

	Six months ended 30th June	
	2015	2014
	US$m	US$m
Tax charged to profit and loss is analyzed as follows:		
Current tax	**7.4**	10.5
Deferred tax	**(0.2)**	0.1
	7.2	10.6
By geographical area:		
Hong Kong	**4.2**	6.1
Other Asia	**0.5**	0.8
Europe	**2.6**	3.7
The Americas	**(0.1)**	-
	7.2	10.6

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

Cash flow hedges	**0.1**	(0.6)

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 and joint venture of US$1.4 million (2014: US$0.7 million) is included in share of results of associates and joint venture *(note 4).*

6. EARNINGS PER SHARE

Basic earnings per share are calculated on the profit attributable to shareholders of US$32.4 million (2014: US$45.6 million) and on the weighted average number of 1,142.4 million (2014: 1,044.4 million after adjusting for the rights issue completed in April 2015) shares in issue during the period.

Diluted earnings per share are calculated on profit attributable to shareholders of US$32.4 million (2014: US$45.6 million) and on the weighted average number of 1,147.8 million (2014: 1,047.5 million after adjusting for the rights issue completed in April 2015) shares after adjusting for the number of shares which are deemed to be issued for no consideration under the Share-based Long-term Incentive Plans based on the average share price during the period.

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

	Ordinary shares in millions	
	2015	2014
Weighted average number of shares for basic earnings per share calculation	**1,142.4**	1,044.4
Adjustment for shares deemed to be issued for no consideration under the Share-based Long-term Incentive Plans	**5.4**	3.1
Weighted average number of shares for diluted earnings per share calculation	**1,147.8**	1,047.5

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					
	2015			2014		
	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	**32.4**	**2.84**	**2.82**	45.6	4.37	4.35
Non-trading items *(note 7)*	**1.0**			-		
Underlying profit attributable to shareholders	**33.4**	**2.92**	**2.91**	45.6	4.37	4.35

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, and acquisition-related costs in business combinations thereof as well as material items of a non-recurring in nature that require inclusion in order to provide additional insight into underlying business performance.

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

	Six months ended 30th June	
	2015	2014
	US$m	US$m
Acquisition-related costs		
- administration expenses	**0.5**	-
- share of results of associates and joint venture	**0.5**	-
	1.0	-

8. ACQUISITION OF HOTEL RITZ, MADRID

In May 2015, the Group acquired the Hotel Ritz, Madrid for €130 million (US$148 million) in a 50/50 joint venture with The Olayan Group. The hotel is to undergo a comprehensive renovation in 2017, currently estimated to cost some €90 million (US$103 million). The Group's investment in the project, including the acquisition, renovation and transaction expenses, is estimated to be €111 million (US$126 million). The Group has invested US$72.9 million to the joint venture in the first half of 2015.

9. MUNICH EXPANSION

In 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$149 million), in today's terms. As at 30th June 2015 and 31st December 2014, cumulative costs paid by the Group in relation to the expansion project amounted to US$16.9 million respectively, which have been included within Other Debtors pending transfer of title in the underlying land.

10. ISSUE OF SHARES

In April 2015, the Group completed a 1 for 4 rights issue with 250.9 million new ordinary shares issued, raising US$316.2 million of gross proceeds. The proceeds of the issue were used to pay down debt in advance of the proposed refurbishment of Mandarin Oriental Hyde Park, London and to fund the Group's acquisition of a 50% interest in the Hotel Ritz, Madrid. The Group paid expenses of US$1.7 million in connection with the rights issue in the first half of 2015.

The Group issued 1.0 million new ordinary shares under the Share-based Long-term Incentive Plans with proceeds of US$1.3 million in the first half of 2015.

11. DIVIDENDS

	Six months ended 30th June 2015 US$m	2014 US$m
Final dividend in respect of 2014 of US¢5.00 (2013: US¢5.00) per share	**50.2**	50.1

An interim dividend in respect of 2015 of US¢2.00 (2014: US¢2.00) per share amounting to a total of US$25.1 million (2014: US$20.1 million) is declared by the Board and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2015.

12. CAPITAL COMMITMENTS

	At 30th June **2015** **US$m**	At 30th June 2014 US$m	At 31st December 2014 US$m
Capital commitments	**319.4**	167.6	166.5

13. FINANCIAL INSTRUMENTS

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 30th June 2015 and 31st December 2014 are as follows:

	Loans and receivables **US$m**	Derivatives used for hedging **US$m**	Available-for-sale **US$m**	Other financial instruments at amortized cost **US$m**	Total carrying amount **US$m**	Fair value **US$m**
30th June 2015						
Assets						
Other investments	**-**	**-**	**11.3**	**-**	**11.3**	**11.3**
Debtors	**61.0**	**-**	**-**	**-**	**61.0**	**61.0**
Bank balances and other liquid funds	**282.1**	**-**	**-**	**-**	**282.1**	**282.1**
	343.1	**-**	**11.3**	**-**	**354.4**	**354.4**
Liabilities						
Other non-current liabilities	**-**	**(3.6)**	**-**	**-**	**(3.6)**	**(3.6)**
Borrowings	**-**	**-**	**-**	**(445.8)**	**(445.8)**	**(445.8)**
Trade and other payables excluding non-financial liabilities	**-**	**-**	**-**	**(119.4)**	**(119.4)**	**(119.4)**
	-	**(3.6)**	**-**	**(565.2)**	**(568.8)**	**(568.8)**

13. FINANCIAL INSTRUMENTS *(CONTINUED)*

Financial instruments by category *(continued)*

	Loans and receivables US$m	Derivatives used for hedging US$m	Available-for-sale US$m	Other financial instruments at amortized cost US$m	Total carrying amount US$m	Fair value US$m
31st December 2014						
Assets						
Other investments	-	-	10.5	-	10.5	10.5
Debtors	63.2	-	-	-	63.2	63.2
Bank balances and other liquid funds	324.6	-	-	-	324.6	324.6
	387.8	-	10.5	-	398.3	398.3
Liabilities						
Other non-current liabilities	-	(3.0)	-	-	(3.0)	(3.0)
Borrowings	-	-	-	(727.7)	(727.7)	(727.6)
Trade and other payables excluding non-financial liabilities	-	-	-	(139.9)	(139.9)	(139.9)
	-	(3.0)	-	(867.6)	(870.6)	(870.5)

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 derivative financial instruments are determined using rates quoted by the Group’s bankers at the balance sheet date. The rates for interest rate swaps and forward foreign exchange contracts 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 and mainly include club and school debentures, are determined using prices quoted by brokers at the balance sheet date.

13. FINANCIAL INSTRUMENTS *(CONTINUED)*

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

(c) Inputs for assets or liabilities that are not based on observable market data ('unobservable inputs')
The fair value of other unlisted securities, 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 2015 and 31st December 2014, 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 2015				
Assets				
Available-for-sale financial assets				
- unlisted investments	**-**	**3.0**	**8.3**	**11.3**
Liabilities				
Derivative designated at fair value				
- through other comprehensive income	**-**	**(3.6)**	**-**	**(3.6)**
31st December 2014				
Assets				
Available-for-sale financial assets				
- unlisted investments	-	2.9	7.6	10.5
Liabilities				
Derivative designated at fair value				
- through other comprehensive income	-	(3.0)	-	(3.0)

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

13. FINANCIAL INSTRUMENTS *(CONTINUED)*

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

Movement of financial instruments which are valued based on unobservable inputs during the six months ended 30th June 2015 and the year ended 31st December 2014 are as follow:

	Available-for-sale financial assets **US$m**
At 1st January 2015	**7.6**
Additions	**0.7**
At 30th June 2015	**8.3**
At 1st January 2014	6.2
Additions	1.4
At 31st December 2014	7.6

(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.

14. RELATED PARTY TRANSACTIONS

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

The most significant of such transactions are management fees of US$6.4 million (2014: US$7.2 million) received from the Group's six (2014: five) associate and joint venture 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.

Amounts of outstanding balances with associates and joint venture are included in debtors and prepayments, as appropriate.

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 97 and 98 of the Company's Annual Report for 2014, 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

30th July 2015

The interim dividend of US¢2.00 per share will be payable on 14th October 2015 to shareholders on the register of members at the close of business on 21st August 2015. The shares will be quoted ex-dividend on the Singapore Exchange and the London Stock Exchange on 19th and 20th August 2015, respectively. The share registers will be closed from 24th to 28th August 2015, inclusive.

Shareholders will receive their cash 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 2015 interim dividend by notifying the United Kingdom transfer agent in writing by 25th September 2015. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 30th September 2015.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends only in sterling as calculated above. Shareholders holding their shares through The Central Depository (Pte) Limited ('CDP') in Singapore will receive their cash dividends in United States dollars unless they elect, through CDP, to receive Singapore dollars.

Shareholders on the Singapore branch register who wish to deposit their shares into the CDP system by the dividend record date, being 21st August 2015, must submit the relevant documents to M & C Services Private Limited, the Singapore branch registrar, no later than 5.00 p.m. (local time) on 20th August 2015.

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, 45 hotels representing almost 11,000 rooms in 24 countries, with 21 hotels in Asia, nine in The Americas and 15 in Europe, Middle East and North Africa. In addition, the Group operates, or has under development, 15 *Residences at Mandarin Oriental* connected to its properties. The Group has equity interests in a number of its properties and adjusted net assets worth approximately US$3.4 billion as at 30th June 2015.

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 -

For further information, please contact:

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Brunswick Group Limited
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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.