news release

Mandarin Oriental International Limited

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MANDARIN ORIENTAL
THE HOTEL GROUP

To: Business Editor

28th July 2016
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 2016

Highlights

- Challenging conditions in a number of key markets
- Underlying earnings 26% lower
- Acquisition of Mandarin Oriental, Boston complete

"Challenging trading conditions are expected to continue to impact the Group's performance during the second half of the year. Nevertheless, the Group benefits from its strong competitive position and balance sheet."

Ben Keswick
Chairman

Results

	(unaudited) Six months ended 30th June		
	2016[1]	2015	Change
	US$m	US$m	%
Combined total revenue of hotels under management[2]	**643.8**	640.9	-
Underlying EBITDA (Earnings before interest, tax, depreciation and amortization)[3]	**70.8**	82.2	–14
Underlying profit attributable to shareholders[4]	**24.7**	33.4	–26
Profit attributable to shareholders	**22.9**	32.4	–29
	US¢	US¢	%
Underlying earnings per share[4]	**1.97**	2.92	–33
Earnings per share	**1.82**	2.84	–36
Interim dividend per share	**1.50**	2.00	–25
	US$	US$	%
Net asset value per share[5]	**0.97**	0.98	-
Adjusted net asset value per share[5][6]	**2.83**	2.84	-
Net debt/shareholders' funds[5]	**25%**	11%	
Net debt/adjusted shareholders' funds[5][6]	**9%**	4%	

(1) Per share numbers reflect the Company's rights issue in March 2015.
(2) Combined revenue includes turnover of the Group's subsidiary hotels in addition to 100% of revenue from associate, joint venture and managed hotels.
(3) EBITDA of subsidiaries plus the Group's share of EBITDA of associates and joint ventures.
(4) 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.
(5) At 30th June 2016 and 31st December 2015, respectively.
(6) 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¢1.50 per share will be payable on 12th October 2016 to shareholders on the register of members at the close of business on 19th August 2016.

- more -

MANDARIN ORIENTAL INTERNATIONAL LIMITED
HALF-YEARLY RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2016

OVERVIEW

The Group faced challenging trading conditions in a number of its key markets in the first half of the year, resulting in lower earnings for the period.

PERFORMANCE

Underlying earnings before interest, tax, depreciation and amortization for the first six months of 2016 were US$71 million, down from US$82 million in the first half of 2015.

Underlying profit for the period was US$25 million, compared with US$33 million in 2015, and underlying earnings per share were US¢1.97, compared with US¢2.92 in 2015. Profit attributable to shareholders for the period was US$23 million, compared with US$32 million in 2015, after deducting acquisition transaction costs in both periods.

An interim dividend of US¢1.50 per share has been declared, compared to US¢2.00 per share last year.

GROUP REVIEW

The Group experienced softer demand in many of its key markets, particularly Hong Kong, London and Paris. There was also an adverse impact from a rooms renovation programme in Washington D.C. The Group did benefit from a positive trading environment in Tokyo, a return to normal operations in Munich following a public area renovation, and a contribution from the newly acquired Mandarin Oriental, Boston.

BUSINESS DEVELOPMENTS

On 27th April 2016, the Group acquired Mandarin Oriental, Boston for US$140 million, a hotel the Group has managed since it opened in October 2008. The previously announced 18 month renovation of Mandarin Oriental Hyde Park, London is scheduled to begin in September 2016. The hotel will be renovated in two stages that will allow it to remain open during the renovation period, albeit with reduced facilities and room inventory.

Mandarin Oriental currently operates 29 hotels and eight residences in 19 countries and territories. The Group has a strong pipeline of hotels and residences under development, with the next hotel opening in Doha in the first half of 2017. On 5th July, the Group announced that it will brand and manage luxury *Residences at Mandarin Oriental* adjacent to Mandarin Oriental, Bali. An initial 30 branded residences are scheduled to be completed at the same time as the hotel opens in mid-2018.

PEOPLE

On 1st April 2016, James Riley was appointed as Group Chief Executive replacing Edouard Ettedgui, who remains on the Board as a non-executive Director. Y.K. Pang will join the Board on 1st August 2016. We were saddened by the death of Lord Leach in June 2016. He made a significant contribution to the Group and his wise counsel will be greatly missed.

OUTLOOK

Challenging trading conditions are expected to continue to impact the Group’s performance during the second half of the year. Nevertheless, the Group benefits from its strong competitive position and balance sheet.

Ben Keswick
Chairman

Mandarin Oriental International Limited
Consolidated Profit and Loss Account

	(unaudited) Six months ended 30th June						Year ended 31st December		
	2016			2015			2015		
	Underlying business performance **US$m**	Non-trading items **US$m**	Total **US$m**	Underlying business performance US$m	Non-trading items US$m	Total US$m	Underlying business performance US$m	Non-trading items US$m	Total US$m
Revenue *(note 2)*	**288.2**	**-**	**288.2**	295.2	-	295.2	607.3	-	607.3
Cost of sales	**(185.6)**	**-**	**(185.6)**	(180.4)	-	(180.4)	(362.1)	-	(362.1)
Gross profit	**102.6**	**-**	**102.6**	114.8	-	114.8	245.2	-	245.2
Selling and distribution costs	**(20.0)**	**-**	**(20.0)**	(18.8)	-	(18.8)	(37.0)	-	(37.0)
Administration expenses	**(52.3)**	**(1.8)**	**(54.1)**	(52.9)	(0.5)	(53.4)	(100.4)	(0.5)	(100.9)
Operating profit *(note 3)*	**30.3**	**(1.8)**	**28.5**	43.1	(0.5)	42.6	107.8	(0.5)	107.3
Financing charges	**(5.9)**	**-**	**(5.9)**	(8.0)	-	(8.0)	(13.7)	-	(13.7)
Interest income	**0.7**	**-**	**0.7**	1.1	-	1.1	1.9	-	1.9
Net financing charges	**(5.2)**	**-**	**(5.2)**	(6.9)	-	(6.9)	(11.8)	-	(11.8)
Share of results of associates and joint ventures *(note 4)*	**5.0**	**-**	**5.0**	4.7	(0.5)	4.2	11.0	(0.5)	10.5
Profit before tax	**30.1**	**(1.8)**	**28.3**	40.9	(1.0)	39.9	107.0	(1.0)	106.0
Tax *(note 5)*	**(5.6)**	**-**	**(5.6)**	(7.2)	-	(7.2)	(16.6)	-	(16.6)
Profit after tax	**24.5**	**(1.8)**	**22.7**	33.7	(1.0)	32.7	90.4	(1.0)	89.4
Attributable to:									
Shareholders of the Company	**24.7**	**(1.8)**	**22.9**	33.4	(1.0)	32.4	90.3	(1.0)	89.3
Non-controlling interests	**(0.2)**	**-**	**(0.2)**	0.3	-	0.3	0.1	-	0.1
	24.5	**(1.8)**	**22.7**	33.7	(1.0)	32.7	90.4	(1.0)	89.4
	US¢		**US¢**	US¢		US¢	US¢		US¢
Earnings per share *(note 6)*									
- basic	**1.97**		**1.82**	2.92		2.84	7.53		7.44
- diluted	**1.96**		**1.82**	2.91		2.82	7.50		7.41

Mandarin Oriental International Limited
Consolidated Statement of Comprehensive Income

		(unaudited) Six months ended 30th June	Year ended 31st December
	2016	2015	2015
	US$m	US$m	US$m
Profit for the period	**22.7**	32.7	89.4
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans	**-**	-	(5.4)
Tax on items that will not be reclassified	**-**	-	0.9
	-	-	(4.5)
Items that may be reclassified subsequently to profit or loss:			
Net exchange translation differences			
- net loss arising during the period	**(4.3)**	(10.4)	(43.3)
Revaluation of other investments			
- transfer to profit and loss	**-**	-	(0.6)
Fair value losses on cash flow hedges	**-**	(0.6)	-
Tax relating to items that may be reclassified	**-**	0.1	-
Share of other comprehensive income/(expense) of associates and joint ventures	**4.2**	(4.4)	(11.7)
	(0.1)	(15.3)	(55.6)
Other comprehensive expense for the period, net of tax	**(0.1)**	(15.3)	(60.1)
Total comprehensive income for the period	**22.6**	17.4	29.3
Attributable to:			
Shareholders of the Company	**22.8**	16.8	29.3
Non-controlling interests	**(0.2)**	0.6	-
	22.6	17.4	29.3

Mandarin Oriental International Limited
Consolidated Balance Sheet

	2016	(unaudited) At 30th June 2015	At 31st December 2015
	US$m	US$m	US$m
Net assets			
Intangible assets	**43.9**	44.5	44.1
Tangible assets	**1,386.9**	1,279.8	1,255.0
Associates and joint ventures	**171.6**	170.2	164.4
Other investments	**11.1**	11.3	10.2
Loans receivable	**-**	-	-
Pension assets	**-**	6.1	-
Deferred tax assets	**2.5**	2.2	2.8
Non-current assets	**1,616.0**	1,514.1	1,476.5
Stocks	**6.3**	5.7	6.0
Debtors and prepayments	**92.6**	91.4	89.9
Current tax assets	**1.3**	1.3	1.8
Bank and cash balances	**181.7**	282.1	308.6
Current assets	**281.9**	380.5	406.3
Creditors and accruals	**(126.9)**	(124.6)	(138.6)
Current borrowings	**(3.3)**	(2.3)	(4.2)
Current tax liabilities	**(7.9)**	(12.2)	(9.3)
Current liabilities	**(138.1)**	(139.1)	(152.1)
Net current assets	**143.8**	241.4	254.2
Long-term borrowings	**(482.0)**	(443.5)	(436.2)
Deferred tax liabilities	**(57.5)**	(62.9)	(59.8)
Pension liabilities	**(1.0)**	-	-
Other non-current liabilities	**(1.7)**	(3.6)	(3.0)
	1,217.6	1,245.5	1,231.7
Total equity			
Share capital	**62.8**	62.8	62.8
Share premium	**490.3**	492.0	490.3
Revenue and other reserves	**659.7**	685.1	673.6
Shareholders' funds	**1,212.8**	1,239.9	1,226.7
Non-controlling interests	**4.8**	5.6	5.0
	1,217.6	1,245.5	1,231.7

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 2016 (unaudited)									
At 1st January 2016	**62.8**	**490.3**	**284.5**	**504.7**	**(2.7)**	**(112.9)**	**1,226.7**	**5.0**	**1,231.7**
Total comprehensive income	**-**	**-**	**-**	**22.9**	**-**	**(0.1)**	**22.8**	**(0.2)**	**22.6**
Dividends paid by the Company	**-**	**-**	**-**	**(37.7)**	**-**	**-**	**(37.7)**	**-**	**(37.7)**
Issue of shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Employee share option schemes	**-**	**-**	**1.0**	**-**	**-**	**-**	**1.0**	**-**	**1.0**
Transfer	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 30th June 2016	**62.8**	**490.3**	**285.5**	**489.9**	**(2.7)**	**(113.0)**	**1,212.8**	**4.8**	**1,217.6**
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

Total comprehensive income for the six months ended 30th June 2016 included in revenue reserves comprises profit attributable to shareholders of the Company of US$22.9 million (2015: US$32.4 million). There was no net fair value loss on other investments in 2016 (2015: nil).

(Consolidated Statement of Changes in Equity continued on page 8)

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 2015									
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	-	-	-	84.2	-	(54.9)	29.3	-	29.3
Dividends paid by the Company	-	-	-	(75.3)	-	-	(75.3)	-	(75.3)
Issue of shares	12.6	301.4	-	-	-	-	314.0	-	314.0
Employee share option schemes	-	-	2.3	-	-	-	2.3	-	2.3
Transfer	-	0.7	(0.9)	0.2	-	-	-	-	-
At 31st December 2015	62.8	490.3	284.5	504.7	(2.7)	(112.9)	1,226.7	5.0	1,231.7

Total comprehensive income for the year ended 31st December 2015 included in revenue reserves comprises profit attributable to shareholders of the Company of US$89.3 million. There was no net fair value loss on other investments in 2015.

Mandarin Oriental International Limited
Consolidated Cash Flow Statement

	2016 US$m	(unaudited) Six months ended 30th June 2015 US$m	Year ended 31st December 2015 US$m
Operating activities			
Operating profit	**28.5**	42.6	107.3
Depreciation	**26.2**	25.0	50.6
Amortization of intangible assets	**1.0**	1.2	2.3
Other non-cash items	**-**	1.4	2.2
Movements in working capital	**(15.5)**	(17.6)	(1.6)
Interest received	**0.8**	1.1	2.0
Interest and other financing charges paid	**(5.5)**	(6.9)	(12.1)
Tax paid	**(7.6)**	(4.6)	(18.5)
	27.9	42.2	132.2
Dividends and interest from associates and joint ventures	**4.3**	4.0	8.0
Cash flows from operating activities	**32.2**	46.2	140.2
Investing activities			
Purchase of tangible assets	**(31.2)**	(14.1)	(50.0)
Purchase of intangible assets	**(0.7)**	(0.6)	(1.5)
Acquisition of Mandarin Oriental, Boston *(note 8)*	**(140.0)**	-	-
Acquisition of Hotel Ritz, Madrid *(note 9)*	**-**	(72.9)	(73.3)
Purchase of other investments	**(1.1)**	(0.7)	(0.9)
Advance to joint ventures	**(1.2)**	-	(0.1)
Repayment of loans to associates	**-**	-	0.6
Sale of other investments	**-**	-	0.8
Cash flows from investing activities	**(174.2)**	(88.3)	(124.4)
Financing activities			
Issue of shares *(note 10)*	**-**	315.8	314.0
Drawdown of borrowings	**51.5**	-	-
Repayment of borrowings	**(0.8)**	(261.2)	(261.5)
Dividends paid by the Company *(note 11)*	**(37.7)**	(50.2)	(75.3)
Dividends paid to non-controlling interests	**(0.1)**	-	-
Cash flows from financing activities	**12.9**	4.4	(22.8)
Net decrease in cash and cash equivalents	**(129.1)**	(37.7)	(7.0)
Cash and cash equivalents at beginning of period	**308.6**	324.3	324.3
Effect of exchange rate changes	**2.0**	(5.3)	(8.7)
Cash and cash equivalents at end of period	**181.5**	281.3	308.6

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 2016:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative: Presentation of Financial Statements
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Annual Improvements to IFRSs	2012 – 2014 Cycle

Amendments to IFRS 11 'Joint Arrangements' introduce new guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business. Acquirers of such interests shall apply all of the principles on business combinations accounting in IFRS 3 'Business Combinations', and other IFRSs, that do not conflict with the guidance in IFRS 11 and disclose the information that is required in those IFRSs in relation to business combinations.

Amendment to IAS 1 is part of the International Accounting Standards Board's initiatives to improve the effectiveness of disclosure in financial reporting. Amendments to IAS 1 clarify that companies shall apply professional judgments in determining what information to disclose and how to structure it in the financial statements. The amendments include narrow-focus improvements in the guidance on materiality, disaggregation and subtotals, note structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets' clarify that the use of revenue-based methods to calculate the depreciation or amortization of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments to IAS 38 further clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption however, can be rebutted in certain limited circumstances.

Annual Improvements to IFRSs 2012 – 2014 Cycle comprise a number of non-urgent but necessary amendments.

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

There have been no changes to the accounting policies described in the 2015 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	
	2016	2015
	US$m	US$m
By geographical area:		
Hong Kong	**109.3**	114.7
Other Asia	**51.8**	48.3
Europe	**87.3**	97.6
The Americas	**39.8**	34.6
	288.2	295.2

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

	Six months ended 30th June	
	2016	2015
	US$m	US$m
By geographical area:		
Hong Kong	**33.4**	35.0
Other Asia	**13.4**	13.1
Europe	**8.1**	15.2
The Americas	**2.6**	6.0
Underlying EBITDA from subsidiaries	**57.5**	69.3
Non-trading items		
- acquisition-related costs *(note 7)*	**(1.8)**	(0.5)
EBITDA from subsidiaries	**55.7**	68.8
Less depreciation and amortization	**(27.2)**	(26.2)
Operating profit	**28.5**	42.6

4. SHARE OF RESULTS OF ASSOCIATES AND JOINT VENTURES

	EBITDA US$m	Depreciation and amortization US$m	Operating profit US$m	Net financing charges US$m	Tax US$m	Net profit/ (loss) US$m
Six months ended 30th June 2016						
By geographical area:						
Other Asia	**10.1**	**(3.8)**	**6.3**	**(0.7)**	**(1.0)**	**4.6**
Europe	**0.6**	**(0.2)**	**0.4**	**-**	**-**	**0.4**
The Americas	**2.6**	**(1.5)**	**1.1**	**(1.1)**	**-**	**-**
	13.3	**(5.5)**	**7.8**	**(1.8)**	**(1.0)**	**5.0**
Non-trading items						
- acquisition-related costs *(note 7)*	**-**	**-**	**-**	**-**	**-**	**-**
	13.3	**(5.5)**	**7.8**	**(1.8)**	**(1.0)**	**5.0**
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 items						
- acquisition-related costs *(note 7)*	(0.5)	-	(0.5)	-	-	(0.5)
	12.4	(5.1)	7.3	(1.7)	(1.4)	4.2

5. TAX

	Six months ended 30th June	
	2016	2015
	US$m	US$m
Tax (charged)/credited to profit and loss is analyzed as follows:		
Current tax	**(6.8)**	(7.4)
Deferred tax	**1.2**	0.2
	(5.6)	(7.2)
By geographical area:		
Hong Kong	**(3.9)**	(4.2)
Other Asia	**(0.2)**	(0.5)
Europe	**(1.1)**	(2.6)
The Americas	**(0.4)**	0.1
	(5.6)	(7.2)

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

Cash flow hedges	**-**	0.1

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 ventures of US$1.0 million (2015: US$1.4 million) is included in share of results of associates and joint ventures *(note 4)*.

6. EARNINGS PER SHARE

Basic earnings per share are calculated on the profit attributable to shareholders of US$22.9 million (2015: US$32.4 million) and on the weighted average number of 1,255.9 million (2015: 1,142.4 million) shares in issue during the period.

Diluted earnings per share are calculated on profit attributable to shareholders of US$22.9 million (2015: US$32.4 million) and on the weighted average number of 1,261.2 million (2015: 1,147.8 million) 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	
	2016	2015
Weighted average number of shares for basic earnings per share calculation	**1,255.9**	1,142.4
Adjustment for shares deemed to be issued for no consideration under the share-based long-term incentive plans	**5.3**	5.4
Weighted average number of shares for diluted earnings per share calculation	**1,261.2**	1,147.8

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					
	2016			2015		
	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	**22.9**	**1.82**	**1.82**	32.4	2.84	2.82
Non-trading items *(note 7)*	**1.8**			1.0		
Underlying profit attributable to shareholders	**24.7**	**1.97**	**1.96**	33.4	2.92	2.91

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 items include gains and losses from the sale of businesses, investments and properties; impairment of non-depreciable intangible assets and other investments; provisions for the closure of businesses; acquisition-related costs in business combinations; provisions against asset impairment and writebacks; and other credits and charges of a non-recurring 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	
	2016	2015
	US$m	US$m
Acquisition-related costs		
- administration expenses	**1.8**	0.5
- share of results of associates and joint ventures	**-**	0.5
	1.8	1.0

8. ACQUISITION OF MANDARIN ORIENTAL, BOSTON

On 27th April 2016, the Group completed its US$140 million acquisition of Mandarin Oriental, Boston, a hotel that the Group has managed since its opening in 2008. The consideration of US$140 million represented the fair values of the tangible assets acquired at the acquisition date. There was no goodwill arising on acquisition.

9. ACQUISITION OF HOTEL RITZ, MADRID

In May 2015, the Group acquired a 50% interest in the Hotel Ritz, Madrid for €65 million (US$73.3 million) in a joint venture with The Olayan Group, with Mandarin Oriental managing the hotel under a long-term management agreement. The hotel is to undergo a comprehensive renovation in 2017, currently estimated to cost a total of some €90 million, of which the Group's share will be €45 million (US$50 million).

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 and US$1.9 million (US$3.6 million expenses in aggregate) in connection with the rights issue in the first half and the second half of 2015, respectively.

The Group issued 1.0 million and 0.3 million new ordinary shares under the share-based long-term incentive plans with proceeds of US$1.3 million and US$0.1 million (US$1.4 million proceeds in aggregate) in the first half and the second half of 2015, respectively.

11. DIVIDENDS

	Six months ended 30th June	
	2016	2015
	US$m	US$m
Final dividend in respect of 2015 of US¢3.00 (2014: US¢5.00) per share	**37.7**	50.2

An interim dividend in respect of 2016 of US¢1.50 (2015: US¢2.00) per share amounting to a total of US$18.8 million (2015: US$25.1 million) has been declared by the Board and will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2016.

12. CAPITAL COMMITMENTS

Total capital commitments at 30th June 2016 and 31st December 2015 amounted to US$341.1 million and US$321.4 million, respectively.

13. FINANCIAL INSTRUMENTS

Financial instruments by category

The fair values of financial assets and financial liabilities, together with carrying amounts at 30th June 2016 and 31st December 2015 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 2016						
Assets						
Other investments	**-**	**-**	**11.1**	**-**	**11.1**	**11.1**
Debtors	**64.4**	**-**	**-**	**-**	**64.4**	**64.4**
Bank and cash balances	**181.7**	**-**	**-**	**-**	**181.7**	**181.7**
	246.1	**-**	**11.1**	**-**	**257.2**	**257.2**
Liabilities						
Other non-current liabilities	**-**	**(1.7)**	**-**	**-**	**(1.7)**	**(1.7)**
Borrowings	**-**	**-**	**-**	**(485.3)**	**(485.3)**	**(485.3)**
Trade and other payables excluding non-financial liabilities	**-**	**(1.2)**	**-**	**(117.9)**	**(119.1)**	**(119.1)**
	-	**(2.9)**	**-**	**(603.2)**	**(606.1)**	**(606.1)**

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 2015						
Assets						
Other investments	-	-	10.2	-	10.2	10.2
Debtors	61.2	-	-	-	61.2	61.2
Bank and cash balances	308.6	-	-	-	308.6	308.6
	369.8	-	10.2	-	380.0	380.0
Liabilities						
Other non-current liabilities	-	(3.0)	-	-	(3.0)	(3.0)
Borrowings	-	-	-	(440.4)	(440.4)	(440.3)
Trade and other payables excluding non-financial liabilities	-	-	-	(133.5)	(133.5)	(133.5)
	-	(3.0)	-	(573.9)	(576.9)	(576.8)

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 caps 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 six months ended 30th June 2016 and the year ended 31st December 2015.

The table below analyzes financial instruments carried at fair value at 30th June 2016 and 31st December 2015, 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 2016				
Assets				
Available-for-sale financial assets				
- unlisted investments	**-**	**2.1**	**9.0**	**11.1**
Liabilities				
Derivative designated at fair value				
- through other comprehensive income	**-**	**(2.9)**	**-**	**(2.9)**
31st December 2015				
Assets				
Available-for-sale financial assets				
- unlisted investments	-	2.1	8.1	10.2
Liabilities				
Derivative designated at fair value				
- through other comprehensive income	-	(3.0)	-	(3.0)

There were no transfers among the three categories during the six months ended 30th June 2016 and the year ended 31st December 2015.

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 2016 and the year ended 31st December 2015 are as follows:

	Available-for-sale financial assets **US$m**
At 1st January 2016	**8.1**
Additions	**0.9**
At 30th June 2016	**9.0**
At 1st January 2015	7.6
Additions	0.5
At 31st December 2015	8.1

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

The fair values of current debtors, bank and cash balances, 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 ventures.

The most significant of such transactions are management fees of US$6.5 million (2015: US$6.4 million) received from the Group's six (2015: six) 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 ventures 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 2015, 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 Rules 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

James Riley
Stuart Dickie

Directors

The interim dividend of US¢1.50 per share will be payable on 12th October 2016 to shareholders on the register of members at the close of business on 19th August 2016. The shares will be quoted ex-dividend on the Singapore Exchange and the London Stock Exchange on 17th and 18th August 2016, respectively. The share registers will be closed from 22nd to 26th August 2016, 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 2016 interim dividend by notifying the United Kingdom transfer agent in writing by 23rd September 2016. The sterling equivalent of dividends declared in United States dollars will be calculated by reference to a rate prevailing on 28th September 2016.

Shareholders holding their shares through CREST in the United Kingdom will receive their cash dividends in sterling only 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 19th August 2016, 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 18th August 2016.

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 its Asian roots into a global brand, the Group now operates 29 hotels and eight residences in 19 countries and territories, with each property reflecting the Group's oriental heritage and unique sense of place. Mandarin Oriental has a strong pipeline of hotels and residences under development, with the next hotel opening planned in Doha. The Group has equity interests in a number of its properties and adjusted net assets worth approximately US$3.6 billion as at 30th June 2016.

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 Group is committed to exceeding its guests' expectations through exceptional levels of hospitality, while maintaining its position as an innovative leader in the hotel industry. 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
Susan Ho (852) 3512 5069

As permitted by the Disclosure Rules 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.