Melco International Development Limited

(Incorporated in Hong Kong with limited liability)
Website: http://www.melco-group.com
(Stock Code: 200)

INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

The board of directors (the "Board") of Melco International Development Limited (the "Company" or "Melco") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six-month period ended 30 June 2016 as follows:

FINANCIAL HIGHLIGHTS

1. Profit attributable to owners of the Company was HK$10,367.4 million for the six-month period ended 30 June 2016, a significant increase from HK$111.1 million for the same period in 2015, principally derived from a special gain of HK$10,385.5 million as the Company became the single largest shareholder of Melco Crown Entertainment Limited ("MCE") and gained control over MCE and therefore, consolidated the results of MCE for the first time in history.

2. Basic earnings per share attributable to owners of the Company was HK$6.73 for the six-month period ended 30 June 2016 as compared to HK$0.07 for the six-month period ended 30 June 2015.

3. Net asset value per share attributable to owners of the Company increased considerably by more than 80% to HK$14.5 as of 30 June 2016, as compared with HK$8.0 as of 31 December 2015.

4. In view of the consolidation the financial results of MCE and given the Group's strong cash position with bank deposits and cash of HK$13,339.5 million as of 30 June 2016, the Board has declared the payment of a special interim dividend of HK1.5 cents per share for the six-month period ended 30 June 2016 for achieving this significant milestone.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

		Six-month period ended 30 June	
		2016	2015
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	3	**5,548,887**	196,502
Other income, other gains or losses		**42,325**	22,159
Purchases and changes in inventories of finished goods and work in progress		**(172,980)**	(55,158)
Raw materials and consumable used		**(5,712)**	(7,816)
Employee benefits expenses		**(1,128,339)**	(157,373)
Depreciation and amortization		**(896,143)**	(19,421)
Special gaming tax and other related taxes to the Macau Government		**(2,197,564)**	–
Gain (loss) on deemed disposal of partial interest in an associate		**591**	(2,812)
Gain on deemed disposal of previously held interest in an associate	15		
– Gain on remeasurement of previously held equity interest		**10,440,376**	–
– Reclassification of previously accumulated exchange reserve upon deemed disposal		**(54,912)**	–
Other expenses		**(1,254,322)**	(63,150)
Finance costs		**(383,678)**	(21,697)
Share of losses of joint ventures		**(1,964)**	(2,554)
Share of profits of associates		**180,890**	220,431
Profit before tax		**10,117,455**	109,111
Income tax expense	5	**(10,680)**	(458)
Profit for the period		**10,106,775**	108,653

	NOTE	Six-month period ended 30 June **2016** ***HK$'000*** **(Unaudited)**	 2015 *HK$'000* (Unaudited)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		**(1,702)**	–
Change in fair value of interest rate swap agreements		**213**	–
Exchange differences arising on translation of foreign operations		**(1,140)**	(29)
Share of exchange differences of an associate		**1,052**	(2,735)
Share of exchange differences of joint ventures		**4**	827
Reclassification adjustment of exchange reserve upon deemed acquisition of a subsidiary		**54,912**	–
Other comprehensive income (expense) for the period, net of income tax		**53,339**	(1,937)
Total comprehensive income for the period		**10,160,114**	106,716
Profit (loss) for the period attributable to:			
Owners of the Company		**10,367,403**	111,146
Non-controlling interests		**(260,628)**	(2,493)
		10,106,775	108,653
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**10,422,653**	109,231
Non-controlling interests		**(262,539)**	(2,515)
		10,160,114	106,716
Earnings per share	7		
Basic (HK$)		**6.73**	0.07
Diluted (HK$)		**6.72**	0.07

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016

	NOTES	**30 June 2016** *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**46,550,857**	82,852
Investment properties		**178,305**	178,000
Land use rights		**5,969,054**	–
Gaming license and subconcession		**8,578,084**	–
Goodwill		**10,929,479**	–
Trademarks		**16,043,099**	–
Other intangible assets		**12,998**	5,700
Interests in joint ventures	8	**245**	20,387
Interests in associates	15	**18,182**	11,607,027
Available-for-sale investments		**37,298**	–
Amount due from an associate	11	**53,562**	–
Amount due from a joint venture	11	**–**	53,562
Prepayments, deposits and other receivables	10	**1,246,369**	3,305
Deferred tax assets		**2,683**	2,133
Structured notes		**50,000**	50,025
		89,670,215	12,002,991
Current assets			
Inventories		**260,879**	20,232
Trade receivables	10	**1,766,812**	33,399
Prepayments, deposits and other receivables	10	**644,367**	62,899
Held-for-trading investments		**31**	30
Structured notes		**50,050**	–
Amounts due from related companies	11	**53**	141
Pledged bank deposits		**947**	947
Restricted cash	9	**1,649,197**	–
Bank deposits with original maturity over three months		**2,614,248**	1,729,049
Bank balances and cash		**10,725,211**	467,250
		17,711,795	2,313,947

	NOTES	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
Current liabilities			
Trade payables	12	**142,723**	29,341
Accrued expenses and other payables	13	**7,477,079**	121,429
Dividend payable		**31,899**	967
Amounts due to associates	11	**–**	2,167
Taxation payable		**61,187**	33,100
Borrowings – due within one year	14	**1,570,512**	4,980
Obligations under finance leases – due within one year		**242,868**	–
		9,526,268	191,984
Net current assets		**8,185,527**	2,121,963
Total assets less current liabilities		**97,855,742**	14,124,954
Non-current liabilities			
Deferred tax liabilities		**2,104,193**	4,368
Accrued expenses and other payables	13	**790,765**	6,844
Borrowings – due after one year	14	**29,639,406**	1,335,290
Obligations under finance leases – due after one year		**2,137,927**	–
		34,672,291	1,346,502
		63,183,451	12,778,452
Capital and reserves			
Share capital		**5,436,556**	5,436,556
Reserves		**16,953,722**	6,949,281
Equity attributable to owners of the Company		**22,390,278**	12,385,837
Non-controlling interests		**40,793,173**	392,615
		63,183,451	12,778,452

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

1(a). BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

The financial information relating to the year ended 31 December 2015 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditor has reported on those financial statements.

The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

1(B). SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

On 4 May 2016, Melco Crown Entertainment Limited ("Melco Crown Entertainment", together with its subsidiaries referred to as the "Melco Crown Entertainment Group"), a then associate of the Group which develops, owns and operates gaming and entertainment casino resort facilities in Asia, entered into a share repurchase agreement with its substantial shareholder, which is a subsidiary of Crown Resorts Limited ("Crown"), pursuant to which Melco Crown Entertainment agreed to repurchase 155,000,000 ordinary shares from Crown for a total consideration of US$800,838,500 (equivalent to approximately HK$6,206,498,000) ("the Share Repurchase"). In connection with the Share Repurchase, the Company, Crown and Melco Crown Entertainment entered into a supplemental shareholders' deed ("Supplemental Shareholders' Deed") to amend certain terms to the amended and restated shareholders' deed relating to Melco Crown Entertainment dated 12 December 2007 and the Memorandum and Articles of Association ("M&A") of Melco Crown Entertainment. After effecting the Share Repurchase, and following the Supplemental Shareholders' Deed coming into effect, the Group has obtained control of Melco Crown Entertainment which has now become an accounting subsidiary of the Group. This acquisition has been accounted for using the purchase method, the details of which are set out in Note 15.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA for the preparation of the Group's condensed consolidated financial statements:

- Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*;
- Amendments to HKAS 1 *Disclosure Initiative*;
- Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*;
- Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*;
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 *Investment Entities: Applying the Consolidation Exception*; and
- Amendments to HKFRSs *Annual Improvements to HKFRSs 2012 – 2014 Cycle*

Amendments to HKAS 1 *Disclosure Initiative*

The Group has applied the amendments to HKAS 1 Disclosure Initiative for the first time in the current interim period.

The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregate and disaggregate information for the disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied any new or revised standards or amendments to standards that have been issued but not yet effective at the date of these condensed consolidated financial statements being authorized for issue.

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In addition, the Group applied the following new accounting policies in the current interim period subsequent to deemed acquisition of Melco Crown Entertainment Limited ("Melco Crown Entertainment") (see details in note 15).

Revenue recognition

Revenues are recognized net of certain sales incentives which are required to be recorded as a reduction of revenue; consequently, the Group's casino revenues are reduced by discounts, commissions and points earned in customer loyalty programs, such as the player's club loyalty program.

Casino revenues are measured by the aggregate net difference between gaming wins and losses less accruals for the anticipated payouts of progressive slot jackpots, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession.

Rooms, food and beverage, entertainment and other revenues are recognized when services are performed. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customer.

Minimum operating and right to use fee, adjusted for contractual base fee and operating fee escalations, are included in entertainment, retail and other revenues and are recognized on a straight-line basis over the terms of the related agreement.

Point-loyalty Programs

The Group operates different loyalty programs in certain of its properties to encourage repeat business mainly from loyal slot machine customers and table games patrons. Loyalty program points granted to customers as part of a sales transaction that customers can redeem for free or discounted goods or services shall be accounted for as a separate identifiable component of the sales arrangement (i.e. multiple-element approach) and that the fair value of the consideration received should be allocated between the loyalty program points and the other components in the arrangement, and recorded as deferred revenue until redemption.

Special gaming tax and other related taxes

The Group is subject to taxes based on gross gaming revenue and other metrics in the jurisdictions in which it operates, subject to applicable jurisdictional adjustments. These gaming taxes are determined mainly from an assessment of the Group's gaming revenue.

Business Combinations

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the condensed consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as a "land use right" in the condensed consolidated statement of financial position and is released over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Equity securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of "other revaluation reserve". When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the "other revaluation reserve" is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an AFS financial asset is considered to be impaired, cumulative losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of "other revaluation reserve".

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Properties under construction

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. These properties are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Intangible assets (including gaming license and subconcession)

Intangible assets (including gaming license and subconcession) acquired in a business combination

Intangible assets (including gaming license and subconcession) acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful life are tested for impairment at least annually and whenever there is an indicator that they may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

3. REVENUE

An analysis of the Group's revenue is as follows:

	Six-month period ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Casino revenue	**5,003,966**	–
Entertainment and resort facilities revenue:		
Entertainment, retail and others	**215,168**	–
Catering service income	**147,648**	46,606
Rooms	**85,838**	–
Lottery business:		
Provision of services and solutions for distribution of lottery products	**394**	4,950
Trading of lottery terminals and parts	**33,644**	19,126
Property rental income	**2,100**	1,965
Electronic gaming machines participation	**47,653**	69,432
Manufacture and distribution of gaming chips and plaques	**12,476**	54,423
	5,548,887	196,502

4. SEGMENT INFORMATION

During the current interim period, Melco Crown Entertainment has become a subsidiary of the Group upon its deemed acquisition by the Company (see Note 15). The business of Melco Crown Entertainment is reviewed under the Gaming, Leisure and Entertainment segment as a whole.

The Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

(1) Gaming, Leisure and Entertainment segment: It mainly comprises provision of gaming, hospitality, catering, entertainment and related services, lottery business, including the provision of services and solutions for distribution of lottery products and trading of lottery terminals and parts, electronic gaming machines participation and design, manufacture and distribution of gaming chips and plaques.

(2) Property and Other Investments segment: It mainly comprises investment properties and related segment bank balances, which receive interest income and property rental income.

Information regarding the above segments is reported below.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

Six-month period ended 30 June 2016 (Unaudited):

	Gaming, Leisure and Entertainment *HK$'000*	**Property and Other Investments** *HK$'000*	**Segments' Total** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
External sales	**5,546,787**	**2,100**	**5,548,887**	**–**	**5,548,887**
Inter-segment sales	**221**	**–**	**221**	**(221)**	**–**
Total revenue	**5,547,008**	**2,100**	**5,549,108**	**(221)**	**5,548,887**
Segment results	**38,619**	**20,332**	**58,951**	**–**	**58,951**
Gain on deemed disposal of partial interest in an associate					**591**
Gain on deemed disposal of previously held interest in an associate					
– Gain on remeasurement of previously held equity interest					**10,440,376**
– Reclassification of previously accumulated exchange reserve upon deemed disposal					**(54,912)**
Finance costs					**(383,678)**
Share of losses of joint ventures					**(1,964)**
Share of profits of associates					**180,890**
Central administrative costs and other unallocated corporate expenses					**(122,799)**
Profit before tax					**10,117,455**

Six-month period ended 30 June 2015 (Unaudited):

	Gaming, Leisure and Entertainment *HK$'000*	Property and Other Investments *HK$'000*	Segments' Total *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
External sales	194,537	1,965	196,502	–	196,502
Inter-segment sales	290	419	709	(709)	–
Total revenue	194,827	2,384	197,211	(709)	196,502
Segment results	1,900	18,100	20,000	–	20,000
Loss on deemed disposal of partial interest in an associate					(2,812)
Finance costs					(21,697)
Share of losses of joint ventures					(2,554)
Share of profits of associates					220,431
Central administrative costs and other unallocated corporate expenses					(104,257)
Profit before tax					109,111

Segment results represent the profit earned or loss incurred by each segment without allocation of central administrative costs and other unallocated corporate expenses and other items as disclosed in the above table. This is the measure reported to the Chief Executive Officer ("CEO") of the Company for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at terms agreed by both parties.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

Segment assets

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gaming, Leisure and Entertainment	**104,068,920**	182,024
Property and Other Investments	**3,224,038**	2,424,324
Total segment assets	**107,292,958**	2,606,348
Interests in associates	**18,182**	11,607,027
Interests in joint ventures	**245**	20,387
Unallocated assets	**70,625**	83,176
Consolidated assets	**107,382,010**	14,316,938

Segment liabilities

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gaming, Leisure and Entertainment	**40,680,028**	134,822
Total segment liabilities	**40,680,028**	134,822
Unallocated liabilities	**3,518,531**	1,403,664
Consolidated liabilities	**44,198,559**	1,538,486

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, interests in joint ventures, deferred tax assets, pledged bank deposits and other assets not attributable to respective segments.

- all liabilities are allocated to operating segments other than certain borrowings which are for corporate use, dividends payable, deferred tax liabilities and other liabilities not attributable to respective segments.

5. INCOME TAX EXPENSE

	Six-month period ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Income tax provision for current period:		
Macau Complementary Tax	**3,023**	–
Lump sum in lieu of Macau Complementary Tax on dividends	**3,625**	–
Hong Kong Profits Tax	**470**	–
PRC Enterprise Income Tax	**458**	168
Other jurisdictions	**1,678**	290
Sub-total	**9,254**	458
Overprovision in prior years:		
Other jurisdictions	**(37)**	–
Deferred taxation for current period:		
Macau Complementary Tax	**1,606**	–
Hong Kong Profits Tax	**(142)**	–
Other jurisdictions	**(1)**	–
Sub-total	**1,463**	–
Total income tax expense	**10,680**	458

Macau Complementary Tax is calculated at progressive rates up to a maximum of 12% of the estimated assessable profit for the current and prior periods. Melco Crown (Macau) Limited ("Melco Crown Macau"), a subsidiary of the Group, has been exempted from Macau Complementary Tax on profits generated by gaming operations until 2016 pursuant to the approval notice issued by the Macau Government in April 2011. Pursuant to a notice issued by the Macau Government dated 12 January 2015, one of Melco Crown Entertainment's subsidiaries in Macau has also been exempted from Macau Complementary Tax on profits generated from income received from Melco Crown Macau until 2016, to the extent that such income is derived from Studio City gaming operations, coinciding with Melco Crown Macau's exemption from Macau Complementary Tax. As at the end of the reporting period, Melco Crown Macau had applied for an extension of the exemption period of the Macau Complementary Tax on profits generated from gaming income received by Melco Crown Macau and one of the subsidiaries of Melco Crown Entertainment in Macau. The dividend distributions of this subsidiary to its shareholders continue to be subject to Macau Complementary Tax. The non-gaming profits of Melco Crown Macau and the other subsidiaries of Melco Crown Entertainment in Macau remain subject to the Macau Complementary Tax and Melco Crown Macau casino revenues remain subject to the Macau special gaming tax and other levies in accordance with its gaming subconcession agreement.

Regarding the lump sum in lieu of Macau Complementary Tax on dividends, an annual lump sum amount of MOP22,400,000 (equivalent to HK$21,748,000) is payable by Melco Crown Macau to the Macau Government, effective retroactively from 2012 through 2016, as payments in lieu of Macau Complementary Tax otherwise due by the shareholders of Melco Crown Macau on dividend distributions from gaming profits. Such annual lump sum tax payments are required regardless of whether dividends are actually distributed or whether Melco Crown Macau has distributable profits in the relevant year.

Hong Kong Profit tax is calculated at 16.5% of the estimated assessable profit for the current and prior periods. No provision for Hong Kong Profits Tax during the six-month period ended 30 June 2015 was made as there was no estimated assessable profit derived from Hong Kong.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Under the Law of Philippines on Corporate Income Tax, Philippines' subsidiaries of the Group are subject to a 30% regular corporate income tax rate based on net income, or to a 2% minimum corporate income tax rate based on gross income, whichever is higher.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

6. DIVIDENDS

During the six-month period ended 30 June 2016, a special final dividend of HK2.0 cents per share, totalling approximately HK$30,933,000, in respect of the year ended 31 December 2015 was declared to the shareholders of the Company (six-month period ended 30 June 2015: HK7.5 cents per share, totalling approximately HK$116,000,000, in respect of the year ended 31 December 2014 was declared to the shareholders of the Company).

Subsequent to the end of the current interim period, the Board has determined that a special interim dividend of HK1.5 cents per share, totalling approximately HK$23,200,000 (six-month period ended 30 June 2015: HK1.5 cents per share, totalling approximately HK$23,200,000), will be paid to the shareholders of the Company.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six-month period ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**10,367,403**	111,146
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options and awarded shares issued by an associate of the Group	**–**	(1,465)
Adjustment in relation to share options issued by the subsidiaries of the Company	**(984)**	(14)
Earnings for the purpose of diluted earnings per share	**10,366,419**	109,667

	Six-month period ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,539,537,391**	1,541,124,467
Effect of dilutive potential ordinary shares:		
Share options and awarded shares issued by the Company	**3,622,644**	9,994,992
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,543,160,035**	1,551,119,459

The number of shares adopted in the calculation of the basic and diluted earnings per share has been arrived at after eliminating the shares of the Company held under the Company's share award schemes.

During the six-month periods ended 30 June 2016 and 2015, the computation of diluted earnings per share does not assume the exercise of the Company's certain share options and the vesting of certain unvested awarded shares under the Company's long-term incentive schemes because the adjusted exercise prices of those options and unvested awarded shares are higher than the average market price of the Company's shares. In addition, the effect of the potential ordinary shares of other subsidiaries of the Company are anti-dilutive.

8. INTERESTS IN JOINT VENTURES

For the year ended 31 December 2015, the Group's 5% equity interest in Oriental Regent Limited ("Oriental Regent") was accounted for as a joint venture of the Group pursuant to the terms and conditions of the relevant investment and shareholders' agreements ("Investment Agreement") which require unanimous approval of all of the members of the board of Oriental Regent or the unanimous consent of the shareholders of Oriental Regent on the relevant activities of Oriental Regent ("Reserved Matters") and the right of the Group to appoint one director of Oriental Regent.

On 14 April 2016, the Group entered into an amendment agreement to the Investment Agreement ("Amended Investment Agreement") which removed or amended certain of the Reserved Matters and gave the right to one of the other shareholders to appoint a majority members on the board of Oriental Regent. Accordingly, the Group's investment in Oriental Regent is no longer accounted for as a joint venture and the carrying amount of the Group's interest is recognized as an interest in an associate at the same date given the Group's entitlement to appoint one director to the board of Oriental Regent.

9. RESTRICTED CASH

Restricted cash represents cash deposited into bank accounts which are restricted as to withdrawal and use and the Group expects those funds will be released or utilized in accordance with the terms of the respective agreements within the next twelve months.

10. TRADE RECEIVABLES AND OTHER RECEIVABLES

a) Trade receivables

In relation to the gaming operations from the Gaming, Leisure and Entertainment segment, the Group grants unsecured credit lines to gaming promoters based on pre-approved credit limits. The Group typically issues markers to gaming promoters with a credit period of 30 days. There are some gaming promoters for whom credit is granted on a revolving basis based on the Group's monthly credit risk assessment of these gaming promoters.

Credit lines granted to all gaming promoters are subject to monthly review and settlement procedures. For other approved casino customers, the Group typically allows a credit period of 14 to 28 days on issuance of markers following investigations of creditworthiness. An extended repayment term of typically 90 days may be offered to casino customers with large gaming losses and established credit history.

The Group's trade receivables related to the catering service income from the Gaming, Leisure and Entertainment segment and the trade receivables from Property and Other Investments segment are largely operated on cash on delivery or due immediately on the date of billing, except for those well-established customers to whom credit terms of 30 to 120 days would be granted.

The Group allows credit periods ranging from 30 to 180 days to its trade customers related to the lottery business from the Gaming, Leisure and Entertainment segment.

The Group allows credit periods of 15 to 30 days to its trade customers related to the electronic gaming machines participation and gaming chips and plaques business from the Gaming, Leisure and Entertainment segment.

The following is an analysis of trade receivables, net of allowance for doubtful debts, by age presented based on marker issuance date or invoice date:

	30 June 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
Within 30 days	**1,415,655**	26,362
31 – 90 days	**157,862**	6,993
91 – 180 days	**89,300**	–
Over 180 days	**103,995**	44
	1,766,812	33,399

b) **Prepayments, deposits and other receivables**

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current assets		
Prepayment	**198,971**	19,253
Deposits	**67,266**	23,965
Other receivables *(note)*	**378,130**	19,681
	644,367	62,899
Non-current assets		
Long-term prepayments and other assets	**401,158**	–
Prepaid entertainment production costs	**222,358**	–
Prepaid construction costs	**120,554**	–
Rental, utilities and other deposits	**115,556**	–
Deposits for acquisition of property, plant and equipment	**16,520**	–
Other receivables *(note)*	**370,223**	3,305
	1,246,369	3,305

Note:

Other receivables classified under current assets mainly include rental receivables of HK$97,223,000 (31 December 2015: nil) and interest receivables of HK$18,002,000 (31 December 2015: HK$16,461,000).

Other receivables classified under non-current assets mainly include value-added tax receivables of HK$179,657,000 (31 December 2015: nil), deferred rental assets of HK$73,605,000 (31 December 2015: nil) and casino receivables from casino customers of HK$67,154,000 (31 December 2015: nil) where settlement is not expected within the next twelve months. Aging of such balances are all over 90 days. Reclassifications to current trade receivable are made when conditions support that it is probable for settlement of such balances to occur within one year.

11. AMOUNTS DUE FROM (TO) A JOINT VENTURE/RELATED COMPANIES/ASSOCIATES

Amount due from an associate (2015: a joint venture) is unsecured, non-interest bearing and repayable on 15 July 2020.

Amount due from related companies are unsecured, non-interest bearing and repayable on demand. Mr. Ho, Lawrence Yau Lung, a shareholder with significant influence holding over a 20% shareholding in the Company, and also a director of the Company, has a significant shareholding in the related companies.

Amounts due to associates as at 31 December 2015 were unsecured, non-interest bearing and fully repaid during the reporting period.

12. TRADE PAYABLES

The aging analysis of trade payables is as following:

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**120,501**	27,857
31 – 90 days	**15,297**	279
Over 90 days	**6,925**	1,205
	142,723	29,341

13. ACCRUED EXPENSES AND OTHER PAYABLES

	30 June 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
Current liabilities		
Outstanding gaming chips and tokens liabilities	**1,445,419**	–
Special gaming tax and other related taxes payable	**1,315,368**	–
Construction costs payable	**1,267,769**	–
Deposits received	**839,672**	–
Interests payable	**254,075**	–
Accruals for acquisition of property, plant and equipment	**397,554**	–
Advance of earnest money *(note (i))*	**–**	56,496
Other accruals and liabilities *(note (ii))*	**1,957,222**	64,933
	7,477,079	121,429
Non-current liabilities		
Accrued staff costs	**531,754**	–
Deferred rent income	**108,579**	–
Deposits received	**56,420**	–
Other liabilities	**94,012**	6,844
	790,765	6,844

Notes:

(i) As of 31 December 2015, there was earnest money of approximately HK$56,496,000 advanced from an investment project partner, Firich Enterprises Co., Ltd ("Firich") in relation to the subscription for new shares of Express Wealth Enterprise Limited ("Express Wealth"), a subsidiary of the Company (the "Subscription") pursuant to the subscription agreement signed between the Group and Firich on 20 November 2014 (the "Subscription Agreement"). Express Wealth was formed for the purpose of obtaining the gaming license and undertaking the proposed casino project situated in a project site wholly owned by Dhabi Group Georgia, LLC located in Tbilisi, Georgia (the "Georgian Casino Project").

Since the conditions precedent to the completion of the Subscription Agreement, including those related to the Subscription and the Georgian Casino Project, were not fulfilled during the current period, the transaction will not proceed further. Pursuant to the Subscription Agreement, the entire balance of the advance of earnest money from Firich, after deduction of the relevant part of the preliminary costs and expenses incurred for the Georgian Casino Project, was returned to Firich during the six-month period ended 30 June 2016.

(ii) The other accruals and liabilities mainly include accrued operating expenses of HK$975,051,000 (31 December 2015: HK$6,277,000) and accrued staff costs of HK$875,547,000 (31 December 2015: HK$36,190,000).

14. BORROWINGS

	30 June 2016 HK$'000 (Unaudited)	31 December 2015 HK$'000 (Audited)
Notes *(note (i))*	**16,089,250**	–
Bonds *(note (ii))*	**760,000**	760,000
Bank loans *(note (iii))*	**577,780**	580,270
Term loan *(note (iv))*	**152,838**	–
Syndicated term and revolving loans *(note (v))*	**13,630,050**	–
	31,209,918	1,340,270
Less: amounts due within one year shown under current liabilities	**(1,570,512)**	(4,980)
	29,639,406	1,335,290
Secured	**29,903,918**	34,270
Unsecured	**1,306,000**	1,306,000
	31,209,918	1,340,270
Carrying amount of repayable:		
Within one year	**1,614,573**	4,980
More than one year, but not exceeding two years	**11,462,725**	4,980
More than two years, but not exceeding five years	**18,125,741**	1,320,940
Exceeding five years	**6,879**	9,370
	31,209,918	1,340,270

Notes:

(i) The Notes are newly obtained by the Group through the deemed acquisition of Melco Crown Entertainment and bear interest rates ranging from 5% to 8.5% per annum. The Notes are denominated in United States dollar ("USD") and Philippine Peso ("PHP") and due within a period of 3 to 5 years.

(ii) In February 2013, Melco Finance Limited, a wholly owned subsidiary of the Company, issued guaranteed bonds with a principal amount of HK$760,000,000 ("Bonds") to independent investors. The interest on the Bonds accrues at a fixed rate of 4.15% per annum and are payable quarterly in arrears. The Bonds have a maturity date of 5 March 2018.

(iii) Bank borrowings denominated in Hong Kong dollar ("HKD") bear interest rates of Hong Kong Inter-bank Offered Rates ("HIBOR") plus 1.5% to 2.5% (31 December 2015: HIBOR plus 1.5% to 2.5%) per annum and are repayable in instalments over a period of 7 years.

(iv) The Term loan is newly obtained by the Group through the deemed acquisition of Melco Crown Entertainment and bears interest rates at London Interbank Offered Rate plus 2.8% per annum. The Term loan is denominated in USD and repayable in instalments over a period of 3 years.

(v) The Syndicated term and revolving loans denominated in HKD are newly obtained by the Group through the deemed acquisition of Melco Crown Entertainment and bear interest rates of HIBOR plus 1.25% to 4.5% per annum. The credit facilities are repayable over a period of 2 to 5 years or if earlier, the date of repayment, prepayment or cancellation in full of one of the credit facilities.

Borrowings amounting to HK$29,903,918,000 (31 December 2015: HK$34,270,000) are secured by the following assets of the Group:

(i) Certain property, plant and equipment;

(ii) Land use rights;

(iii) Investment properties; and

(iv) Certain bank deposits.

15. DEEMED ACQUISITION OF A SUBSIDIARY

On 4 May 2016, Melco Crown Entertainment, a then associate of the Group, entered into the Share Repurchase with Crown Asia Investments Pty. Ltd. ("Crown Sub"), a wholly-owned subsidiary of Crown Resorts Limited ("Crown"). In connection with the Share Repurchase, the Company, Crown Sub and Melco Crown Entertainment entered into the Supplemental Shareholders' Deed to amend certain terms to the amended and restated shareholders' deed relating to Melco Crown Entertainment dated 12 December 2007 and the Memorandum and Articles of Association of Melco Crown Entertainment. Immediately prior to the Share Repurchase, Melco Crown Entertainment was owned by the Group, Crown Sub and public shareholders as to approximately 34.3%, 34.3% and 31.4% respectively. After effecting the Share Repurchase on 9 May 2016, the equity interest of Crown Sub in Melco Crown Entertainment was reduced to approximately 27.4%, while the equity interests of the Group and public shareholders in Melco Crown Entertainment were increased to approximately 37.9% and 34.7%, respectively, and the Group has become the single largest shareholder of Melco Crown Entertainment. Following the Supplemental Shareholders' Deed coming into effect on the same date, the Group has obtained control of Melco Crown Entertainment which has become an accounting subsidiary of the Group. This deemed acquisition has been accounted for as a business combination.

Consideration transferred

As the business combination is achieved without transfer of consideration from the Group, the consideration transferred is deemed as the acquisition-date fair value of the Group's interest in Melco Crown Entertainment (the "Deemed Consideration").

Assets acquired and liabilities recognized at the date of deemed acquisition (determined on a provisional basis)

	HK$'000
Assets	
Property, plant and equipment	46,300,531
Land use rights	5,996,743
Gaming license and subconcession	8,816,687
Trademarks	16,043,099
Deferred tax assets	400
Inventories	257,983
Trade and other receivables	5,212,357
Restricted cash	1,795,562
Bank balances and cash	9,910,250
Liabilities	
Trade and other payables	(9,387,804)
Deferred tax liability	(2,098,220)
Borrowings	(29,840,861)
Obligations under finance leases	(2,378,016)
	50,628,711

The fair value and classification of assets have been determined on the provisional basis awaiting for further information and finalization of the valuation. The fair value is being valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer, not connected to the Group.

The fair value of trade and other receivables at the date of acquisition amounted to approximately HK$5,212,357,000, which approximates to the gross contractual amounts. Based on the best estimate at the acquisition date, the contractual cash flows are expected to be fully collected.

Goodwill arising from deemed acquisition (determined on a provisional basis):

	HK$'000
Interest in an associate	
– Previously held interest *(note (i))*	20,912,855
Non-controlling interests:	
– Non-controlling interests' proportion of Melco Crown Entertainment Group *(note (ii))*	40,208,583
– Outstanding share options of Melco Crown Entertainment and Melco Crown (Philippines) Resorts Corporation ("Melco Crown Philippines") *(note (iii))*	
– Vested portion	330,294
– Unvested portion	64,534
– Outstanding restricted shares of Melco Crown Entertainment and Melco Crown Philippines *(note (iii))*	
– Vested portion	3,030
– Unvested portion	38,894
Less: fair value of identified net assets acquired (100%)	(50,628,711)
Goodwill arising from deemed acquisition *(note (iv))*	10,929,479

Notes:

(i) The difference between the fair value and the Group's carrying amount of its interest in Melco Crown Entertainment before the business combination of approximately HK$10,440,376,000 and the Group's cumulative share of the exchange reserve of Melco Crown Entertainment totalling approximately HK$54,912,000, were recognized in profit or loss as a gain on deemed disposal of the previously held interest in Melco Crown Entertainment as an associate.

(ii) The non-controlling interests in Melco Crown Entertainment Group recognized at the acquisition date were measured at the non-controlling interests' proportion of Melco Crown Entertainment Group's identifiable net assets.

(iii) The outstanding share options of Melco Crown Entertainment and Melco Crown Philippines (including both vested and unvested portions) that are not replaced were measured at the acquisition date.

(iv) Goodwill arose in the deemed acquisition of Melco Crown Entertainment because the deemed consideration transferred for the combination effectively included the benefit of future market development of Melco Crown Entertainment. These benefits are included in goodwill and not recognized separately because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Cash inflow on deemed acquisition of Melco Crown Entertainment

	HK$'000
Bank balances and cash acquired	9,910,250

16. SUBSEQUENT EVENT

a) On 11 July 2016, MCE Finance Limited ("MCE Finance"), a wholly owned subsidiary of Melco Crown Entertainment, commenced a consent solicitation (the "Consent Solicitation") seeking consents from holders of its outstanding notes to certain proposed amendments to the indenture governing the notes following the announcement by Crown that it intends to spin off certain of its non-Australian assets to a separately listed holding company. MCE Finance obtained the requisite consent through the Consent Solicitation and paid consent fees of approximately US$4,700,000 (equivalent to HK$36,400,000) to the consenting holders on 3 August 2016. Crown has agreed to reimburse MCE Finance for the consent fees mentioned above and the third party fee of approximately US$1,000,000 (equivalent to HK$7,900,000) incurred by MCE Finance as of the date of this report in relation to the Consent Solicitation.

b) In July 2016, Entertainment Gaming Asia Inc., a subsidiary of the Group sold all of its electronic gaming machines to independent third parties with a total consideration of US$3,250,000 (equivalent to approximately HK$25,350,000).

MANAGEMENT DISCUSSION & ANALYSIS

SIGNIFICANT EVENTS AND DEVELOPMENTS

In the first six months of 2016, Melco International Development Limited ("Melco" or the "Group") has continued to expedite its international expansion drive and has achieved significant progress during the period. The most significant milestone is that in May this year, the Group became the single largest shareholder of its core gaming arm and key revenue driver, Melco Crown Entertainment Limited ("Melco Crown Entertainment"), giving rise to a gain from deemed disposal of HK$10,385.5 million, after the share repurchase of 155,000,000 ordinary shares at a per share price of US$5.1667 (equivalent to approximately HK$40.04) from Crown Asia Investments Pty. Ltd. by Melco Crown Entertainment. This shift in shareholding structure bolsters the Group's financial position by incorporating Melco Crown Entertainment's full financial contributions to its results. The ensuing effect from unleashing fair value over cost of Melco Crown Entertainment is strengthening the Group's financial position as of 30 June 2016. Equity attributable to shareholders was increased to HK$22,390.3 million in June 2016 from HK$12,385.8 million in December 2015. The Group's net asset value attributable to shareholders per share also increased by more than 80% to HK$14.5 in June 2016 from HK$8.0 in December 2015. The incorporation of Melco Crown Entertainment as a Melco's subsidiary demonstrates the Group's confidence in the Macau gaming market, which the Group expects to regain momentum in the fourth quarter of the financial year.

Melco Crown Entertainment has continued its dedication to provide a distinctive portfolio of unique, innovative non-gaming amenities across multiple properties. Opened in October 2015, Melco Crown Entertainment's second integrated resort in Macau, Studio City, has attracted global attention and increasing visitation from entertainment seekers and garnered prestigious international recognition on numerous occasions since opening its doors.

In parallel, the Group's flagship property in Macau, City of Dreams has continued to achieve meaningful progress in its development pipeline. The exciting three-fold expansion of City of Dreams' retail area was unveiled in June this year. Underscoring the quality, the retail area is managed and operated by T Galleria of DFS Group, the world's leading luxury travel retailer. The construction of the fifth hotel tower at City of Dreams Macau, designed by the internationally-renowned "Queen of the Curve" in architecture, the late Dame Zaha Hadid, is also well underway.

Outside Macau, City of Dreams Manila continues to build on its early success, with its gaming operations delivering robust growth, thereby providing the Group with a strong and diversified earnings stream.

Further moving forward with its international expansion strategy, in May this year, Melco Gaming Assets Management (Korea) Limited, a wholly-owned subsidiary of Melco, has entered into a strategic cooperation arrangement with New Silkroad Korea Development Limited, on the provision of consultancy services for its casino project on Jeju Island, South Korea, spearheading the Group's further penetration into the Asian market.

CORE BUSINESS

Gaming Business in Asia

The Group operates its core gaming business primarily through Melco Crown Entertainment, a developer, owner and operator of casino gaming and entertainment resort facilities in Asia which has become a subsidiary of the Group effective in May 2016. Melco Crown Entertainment currently operates Altira Macau, a casino hotel located at Taipa, Macau; City of Dreams, an integrated urban casino resort located in Cotai, Macau; and Mocha Clubs, the largest non-casino based operations of electronic gaming machines in Macau. Melco Crown Entertainment also majority owns and operates Studio City, a cinematically-themed integrated entertainment, retail and gaming resort in Cotai, Macau. In the Philippines, Melco Crown (Philippines) Resorts Corporation's subsidiary, MCE Leisure (Philippines) Corporation, currently operates and manages City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort in the Entertainment City complex in Manila.

In spite of on-going challenges to Macau's gaming demand, Melco Crown Entertainment managed to deliver strong operational and financial results in the first half of 2016, thanks to the Group's strategic focus on the resilient mass market segment and consistent commitment to controlling costs. The segment profit of HK$72.7 million represents the share from Melco Crown Entertainment attributable to the Group when Melco Crown Entertainment became a subsidiary of the Group on 9 May 2016. The performance of Melco Crown Entertainment during the first half of 2016 under review is described below:

Under the United States Generally Accepted Accounting Principles ("U.S. GAAP"), net revenue of Melco Crown Entertainment for the first half of 2016 was US$2,174.0 million, representing a 10.3% increase from US$1,971.0 million for the comparable period in 2015, while Adjusted property EBITDA was US$494.1 million for the first half of 2016, representing a 7.8% increase from the US$458.2 million for the same period in 2015.

City of Dreams

City of Dreams is an integrated casino resort in Cotai, Macau which opened in June 2009. City of Dreams is a premium-focused property, targeting high-end customers and rolling chip players from regional markets across Asia. As of 30 June 2016, City of Dreams operated 505 gaming tables and 1,054 gaming machines.

In June 2016, Melco Crown Entertainment has announced the exciting plan for the expansion of City of Dreams' retail area, The Boulevard, which is managed and operated by T Galleria by DFS. The Boulevard at City of Dreams is to be opened in phases with the first phase unveiled in June 2016. The newly expanded retail area is three times larger than the previous one and boasts the largest collection of luxury brands in Cotai. Exclusive dining outlet for high tea and social gatherings will also be integrated into the environment to ensure a uniquely sensuous and ultimately fulfilling experience for all.

City of Dreams is also home to the world's largest water-based show, The House of Dancing Water. Since its launch in September 2010, the show has become an iconic entertainment centrepiece of Macau which has attracted over 4 million spectators from all over the world.

Studio City

Studio City is a large-scale cinematically-themed integrated entertainment, retail and gaming resort which opened in October 2015. As of 30 June 2016, Studio City operated 250 gaming tables and 1,098 gaming machines.

Since its operation, Studio City has been delivering the best-of-class entertainment-fuelled offerings for thrill-seeking customers. Studio City has been selected as the film setting for a number of popular TV shows and movies, such as "Up Idol II", a Hunan TV reality show with over 100 million viewers; "Cook up a Storm", the first ever 4D Chinese food movie starring Nicholas Tse; and the movie "Line Walker", featuring household names such as Francis Ng, Nick Cheung, Louis Koo and Charmaine Sheh. The 5,000-seat multi-purpose live performance arena has also hosted concerts of Asian and international top singers, including Madonna, Leon Lai, Super Junior and S.H.E. Studio City is also home to Studio 8, a state-of-the-art studio facility with the necessary infrastructure to support portable specialist equipment required for world-class TV production.

While still in its ramp-up phase, Studio City is well-positioned for further increases in revenue and profitability in the future, as the property has secured a strong customer base with its full array of enthralling entertainment offerings which are attracting an increasingly Cotai-visiting mass market customer.

Altira Macau

Altira Macau is designed to provide a casino and hotel experience that caters to Asian rolling chip customers and players sourced primarily through gaming promoters. Situated in the heart of Taipa, with spectacular panoramic views of the Macau Peninsula, Altira Macau, the 7-time winner of "Forbes Travel Guide" 5-star hotel and spa, is an oasis of sophistication created by world-renowned interior designers. As of 30 June 2016, Altira Macau operated 123 gaming tables and 62 gaming machines.

Mocha Clubs

Mocha Clubs comprise the largest non-casino based operations of gaming machines in Macau. As of 30 June 2016, Mocha Clubs had seven clubs with a total of 1,195 gaming machines in operation, which represented 8.7% of the total machine installation in the market, according to the Gaming Inspection and Coordination Bureau of Macau.

City of Dreams Manila

City of Dreams Manila is one of the leading integrated tourism resorts in the Philippines. The property is located at the gateway of Entertainment City, Manila, close to Metro Manila's international airport and central business district. It represents our first entry into an entertainment and gaming market outside of Macau and an incremental source of earnings and cash flow outside of Macau. As of 30 June 2016, City of Dreams Manila operated 1,522 slot machines, 120 electronic table games and 247 gaming tables.

During the first half of 2016, City of Dreams Manila continued to grow a more diversified revenue stream, with the continuing ramp of the rolling chip business complementing its mass market gaming and non-gaming segments. The property provides us with a strong and diversified earnings stream to complement the Group's operations in Macau.

Gaming Machine Leasing Business in Southeast Asia

Entertainment Gaming Asia Inc. ("EGT"), a company listed on the NASDAQ Capital Market, in which the Group has an effective equity interest of 64.84%, recorded consolidated revenue from continuing operations of US$6.1 million for the first half of 2016, down 31% year-on-year due to a decrease in gaming operations revenue. EGT posted a consolidated net loss and Adjusted EBITDA from continuing operations of US$135,000 and US$1.6 million, respectively, for the first half of 2016. The Company recorded a cash balance of US$33.0 million and had no debt as of 30 June 2016.

EGT has an established presence in the gaming markets of Cambodia and the Philippines through its slot operations business, which during the first half of 2016 included the leasing of machines on a fixed lease and participation, or revenue sharing, basis. As of 30 June 2016, EGT had approximately 1,574 electronic gaming machine seats in operation. This included 670 seats in NagaWorld Resort and Casino, owned by NagaWorld Limited, a wholly-owned subsidiary of NagaCorp Ltd, located in Phnom Penh, Cambodia. Average revenue per day per unit was US$66.0 for the first half of 2016 compared to US$120.0 in the first half of 2015. The decline was due to the expiration of the participation agreement with NagaWorld on 29 February 2016 and commencement of a fixed lease agreement on 1 March 2016.

During the first half of 2016, EGT terminated two of its slot machine leasing contracts, including its arrangement with NagaWorld Limited, and subsequently, in July, sold all of the machines, 824 seats, placed in these venues. Total cash consideration from the machine sales was US$3.3 million.

In addition, in May 2016, EGT sold the principal assets of its gaming products business, which was dedicated to the manufacture, sale and distribution of gaming chips and plaques by Dolphin Products Ltd. Cash consideration from the sale was US$5.9 million plus the potential for earn outs on certain gaming chip and plaque orders in Asia subject to limitations and restrictions.

EGT is focused allocating its resources toward the development of new business projects. This includes the internal development of a social gaming platform for the Asian markets. Given its improved financial positioning to secure and develop new projects, EGT has the potential to become a meaningful revenue contributor of the Group.

Lottery Management Business in Asia

MelcoLot Limited ("MelcoLot"), in which the Group holds a 40.65% equity interest, is engaged in the provision of lottery-related technologies, systems and solutions in the PRC. MelcoLot is a distributor of high quality, versatile lottery terminals and parts for the China Sports Lottery Administration Center, which is the exclusive sports lottery operator in the PRC. MelcoLot also provides game upgrading technology and system maintenance service for the rapid draw game, "Shi Shi Cai," in Chongqing Municipality, and has developed a presence in the PRC by managing a network of retail outlets in the PRC. During the six-month period ended 30 June 2016, MelcoLot recorded revenue of HK$34.0 million, representing a year-on-year growth of 41%. The distribution business continues to be MelcoLot's principal revenue generator and contributed approximately 99% of the Company's revenue for the six-month period ended 30 June 2016, compared to 79% for the corresponding period in 2015.

According to the figures published by the Ministry of Finance, China lottery sales achieved a year-on-year growth of 7.8% to RMB34.6 billion in May 2016. It is the third consecutive month in which overall lottery sales recorded growth, turning from the continued decline in sales over the past nine months. Total lottery sales saw slightly growth by 0.5% year-on-year with accumulative sales of about RMB160 billion up to May 2016. We believe the China lottery market will continue to be challenging as a result of the constantly changing regulatory environment. We remain prudent but optimistic on the development of the China lottery market.

In line with the leisure and entertainment corporate philosophy of Melco, MelcoLot has been diligently pursuing investment opportunities outside of lottery and the PRC market. MelcoLot continues pursuing the opportunity to develop international projects and PRC business opportunities which will leverage on our corporate expertise in the gaming and entertainment industry and diversify our business to support our goal in maximizing long-term shareholders' value.

NON-CORE BUSINESS

Ski Resort Business in China

The Group owns 16.69% of Mountain China Resorts (Holding) Limited ("MCR"), which owns and operates Sun Mountain Yabuli Resort ("Yabuli Resort"), one of the most renowned ski resorts in China, located in Heilongjiang Province.

The Club Med Yabuli business, established through a strategic partnership with Club Med Asie S.A. continues to operate and manage two 5-star luxury hotels at Yabuli Resort over the winter season of 2016. The 2015-2016 winter season closed on 20 March 2016, and total revenue for the first quarter of 2016 remains largely unchanged from the previous year. China's ski market is growing rapidly as this winter sport gains increasingly widespread popularity with the number of skiers substantially increasing, and MCR is capitalizing on the immense market opportunities. Winter sports in general and skiing in particular are expected to receive an added publicity boost with more participants as Beijing has been awarded the 2022 Winter Olympic Games.

MCR is an official partner and playing field provider of the 2016 World Championships of Snowboarding, the world's most prestigious snowboarding competition to be held in Yabuli. The Yabuli Resort has been upgraded in recent years with a 30,000-square-meter snowboarding park and improved heating system for its cable cars and a new mogul ski track, all in preparation of the games.

Gaming Business in Russia

The Group has an interest in Tigre de Cristal, the casino project in Russia's IEZ near Vladivostok, which opened in November 2015. Tigre de Cristal is a first-class integrated resort with outstanding European-style facilities, services and destination experiences which is positioned to redefine the gaming, leisure and entertainment landscape of the Russian Far East and Northeast Asia, while assisting in the economic growth of the Primorsky Krai through the development of an international tourism hub. The integrated resort is comprised of gaming area with 35 VIP gaming tables, 32 mass market gaming tables and 319 slot machines and electronic table games, 6 food and beverage outlets and a total of 121 hotel rooms.

OUTLOOK

As the operating environment in Macau has stabilized in the first half of 2016, it is the Group's view that the gaming market in Macau has bottomed out and endeavoured to begin recovering by the end of this year. Despite the challenges that gaming operators in Macau still face, including the weakened VIP segment, intensified competition, dampened gaming and retail demand from mainland China, and the overarching policy and economic uncertainty; Melco has always risen above adversity, stayed ahead of the game, and seized opportunities guided by its long-term vision. Melco is confident that the Group is strategically positioned for further success through leveraging its diversified portfolio of high-quality assets in our home base Macau and projects overseas.

In Macau, Melco believes the mass market segment will be the main profit driver to support a stable and sustainable industry growth. The Group will capitalize on the mass market potential, and greater effort will be expended to expedite the ramp-up of Studio City. The ramp-up of Studio City has already started to accelerate, and its visitation and mass table yield both recorded significant increase in July 2016. This growth is expected to gain more momentum in the second half of the year and beyond. To further enhance the positioning of Studio City, the Group is planning to add VIP rooms with 30 tables, including direct and junket VIPs, at the end of the third quarter, subject to the approval of the Macau government. Meanwhile, City of Dreams will continue to retain its coveted leading position in the premium mass segment. The remaining sections of the upgraded retail precinct will be opened in phases by December this year, further elevating City of Dreams into a higher-end premium property. The Group believes the new retail expansion in Cotai will be in a great position to become a retail sensation to the currently suffering retail scene. The VIP segment will continue to experience structural changes in adjusting to the macroeconomic climate, and as Altira Macau's performance stabilizes, the Group will continue to optimize this asset. In addition, the construction of City of Dreams' fifth hotel tower, designed by the late legendary architect Dame Zaha Hadid, is progressing well.

While Melco remains confident in the prospects of its own properties, the new resorts in Cotai area are expected to bring intensified competition as they all target the mass and premium-mass segments. In the short run, the additional supply of facilities could bring uncertainties to a slower market. Nonetheless, Melco will continue to leverage its first mover advantage and focus on delivering better products and services to strengthen our competitive edge in entertainment. The opening of the new resorts nearby City of Dreams and Studio City could also be a positive catalyst to improve foot traffic to the properties. In the long run, the Group believes the quality supply of facilities will diversify tourism and drive new demand for gaming and non-gaming entertainment markets in Macau, leading to the growth of the industry as a whole.

In the Philippines, the Group anticipates that City of Dreams Manila will continue to deliver robust revenue and earnings growth in the coming quarters, as the Philippines' economy continues to grow and the infrastructure there improves. Melco expects that the expressway that connects the airport terminals to Entertainment City will likely open later this year to alleviate traffic congestions surrounding the Entertainment City.

As Melco has become the single largest shareholder of Melco Crown Entertainment in May 2016, the Group's financial position has been bolstered, which will facilitate its efforts in realizing its vision of global expansion. With an established presence in the Philippines, operations in mainland China and South Korea through the Group's subsidiaries, as well as Tigre de Cristal in Russia in which the Group has interest, Melco will continue to pursue new expansion opportunities in other emerging gaming jurisdictions such as Spain and Cyprus. These overseas projects will further diversify the Group's revenue stream and strengthen its international presence.

While the Macau gaming industry is experiencing a wave of change and stabilization, the Group remains cautiously positive about the long-term outlook of Macau and Asia. Melco has full confidence in the Central and Macau governments that they will formulate and enforce policies to support the healthy and sustainable growth and development of Macau into a "World Center of Tourism and Leisure". Looking ahead, Melco's diversified revenue streams across all market segments will help the Group weather the process of stabilization of the gaming industry in Macau. The Group resolves to accelerate its efforts in boosting its market share and presence in Asia and exploring other emerging gaming jurisdictions overseas, in order to realize its vision of becoming a world-leading gaming, entertainment and leisure developer and operator.

ACHIEVEMENTS AND AWARDS

Melco strives to achieve high standards in corporate governance and corporate social responsibility as part of its commitment to strengthen the Group's industry presence and become a global market-leading operator. The Group's efforts have been widely acknowledged in 2016.

Corporate Governance

In 2016, the strong management team has garnered prestigious leadership awards from the business and investor community. Mr. Lawrence Ho, the Group Chairman and Chief Executive Officer, was honored as "Asia's Best CEO" by Corporate Governance Asia for five consecutive years. Additionally the Group has captured the "Best Investor Relations Company" award from Corporate Governance Asia as well. These accolades serve as a testimony of the Group's continued commitments to achieving the highest standards of corporate governance.

Corporate Social Responsibility

Melco values corporate social responsibility ("CSR") as an integral part of the Group's operations. The Group has participated in numerous charitable events and activities to contribute to the betterment of society, being recognized as "Asia's Best CSR" presented by Corporate Governance Asia for the fourth year.

Furthermore, Melco has received the "President's Award" from The Community Chest of Hong Kong. The Group's ardent support for sustainable development of the community and environment has been acknowledged through these coveted honors and the Group will continue its endeavors to remain a responsible corporate citizen in the future.

Business Operations

The Group has always provided superior hospitality, leisure and entertainment facilities to customers. Altira Macau and Altira Spa have been honoured with Forbes Five-Star Awards for seven consecutive years from 2010 to 2016, while Crown Towers and Crown Spa at City of Dreams have also garnered the Forbes Five-Star Awards for the fifth and fourth consecutive year, respectively. In 2016, the recently opened Studio City has earned "Casino Resort of the Year" at the International Gaming Awards in 2016. These awards are the perfect demonstration of the Group's consistency in providing excellent services over the years.

As for fine dining, Jade Dragon and The Tasting Room restaurants in City of Dreams have again received Michelin two-star ratings, and Shinji by Kanesaka earned its first Michelin recognition with a one-star rating. These three restaurants have also been feted by Wine Spectator Magazine for Wine Spectator Restaurant Awards. Additionally, Jade Dragon and The Tasting Room are both honored by Forbes Travel Guide as five-star restaurants and among SCMP's 100 Top Tables 2016 by the South China Morning Post. Aurora and Tenmasa in Altira Macau are also winners of Forbes Five-Star Restaurant awards, while Ying has received a Four-Star Restaurant award.

The Group's newest properties, City of Dreams Manila and Studio City have also achieved a number of prestigious awards within only a short period of time. In the MARKies Awards 2016, Studio City garnered the Gold Prizes for "Best Idea – Events", "Best Idea – Design" and "Best Idea-Public Relations" with its glamorous grand opening event. At Brand Film Festival 2016, the Studio City-inspired short film "The Audition" netted awards including "Branded Program", "Most Creative", "Viral" and "Best of Best for 2016". City of Dreams Manila has been honored with a Bronze Stevie Award for "Innovation for Communications/Public Relations". In addition, the grand opening event of Studio City has also won the coveted title of Best of Show and bagged 8 other awards at the Marketing Events Awards 2016. These awards have recognized the Group's innovation and creativity in public relations, events, communications, design, and more.

All these accolades are demonstrations of the appreciation from the community and across different industries of the Group's commitment to pursue excellence in corporate governance and operational performance.

FINANCIAL REVIEW

	Six-month period ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Segment Results:		
Gaming, Leisure and Entertainment	**38,619**	1,900
Property and Other Investments	**20,332**	18,100
	58,951	20,000
Share of profits of associates	**180,890**	220,431
Share of losses of joint ventures	**(1,964)**	(2,554)
Gain (loss) on deemed disposal of partial interest in an associate	**591**	(2,812)
Gain on deemed disposal of previously held interest in an associate		
– Gain on remeasurement of previously held equity interest	**10,440,376**	–
– Reclassification of previously accumulated exchange reserve upon deemed disposal	**(54,912)**	–
Central administrative costs and other unallocated corporate expenses	**(122,799)**	(104,257)
Finance costs	**(383,678)**	(21,697)
Profit before tax	**10,117,455**	109,111
Income tax expense	**(10,680)**	(458)
Profit for the period	**10,106,775**	108,653
Non-controlling interests	**260,628**	2,493
Profit for the period attributable to owners of the Company	**10,367,403**	111,146

For the six-month period ended 30 June 2016, the Group reported profit attributable to owners of the Company of HK$10,367.4 million compared to HK$111.1 million for the same period in 2015.

SEGMENT RESULTS

Gaming, Leisure and Entertainment

The gaming, leisure and entertainment businesses are mainly formed by the core (i) Macau gaming business (conducted via 37.89%-owned Melco Crown Entertainment), (ii) electronic gaming machine participation and design, manufacture and distribution of gaming chips and plaques business (conducted through 64.84%-owned EGT), and (iii) lottery business (conducted through 40.65%-owned MelcoLot), together with other non-core businesses.

Below table shows the breakdown of segment results for Gaming, Leisure and Entertainment:

	Six-month period ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Melco Crown Entertainment (1)	**72,653**	–
EGT (2)	**(10,248)**	26,979
MelcoLot (3)	**(14,671)**	(21,048)
Jumbo Kingdom (4)	**(9,115)**	(3,888)
Others	**–**	(143)
	38,619	1,900

(1) Melco Crown Entertainment

On 4 May 2016, Melco Crown Entertainment, which was a formerly 34.29%-owned associate of the Company, entered into a share repurchase agreement with Crown Asia Investments Pty. Ltd. ("Crown Sub"), a wholly-owned subsidiary of Crown Resorts Limited, pursuant to which Melco Crown Entertainment agreed to repurchase 155,000,000 ordinary shares (equivalent to 51,666,666 American depository shares) from Crown Sub (the "Share Repurchase"). The aggregate purchase price of the Share Repurchase is US$800,838,500 (equivalent to approximately HK$6,206,498,000), representing a per share price of US$5.1667 (equivalent to approximately HK$40.04). Melco Crown Entertainment has paid the purchase price using its cash on hand. The repurchased shares have been cancelled upon the closing of the Share Repurchase on 9 May 2016. The equity interests in Melco Crown Entertainment held by the Company is thereby increased to 37.89% and the Company becomes the single largest shareholder of Melco Crown Entertainment and consolidates Melco Crown Entertainment's results as a subsidiary from 9 May 2016 to 30 June 2016 into the Group's financial statements. As at 30 June 2016, the Group owns approximately 37.89% of Melco Crown Entertainment.

Melco Crown Entertainment is a developer, owner and operator of casino gaming and entertainment resort facilities in Asia. The segment profit of HK$72.7 million represents the share from Melco Crown Entertainment after taking into account the adjustments in accordance with Hong Kong Financial Reporting Standards to the Group when Melco Crown Entertainment became a subsidiary of the Group on 9 May 2016.

The performance of Melco Crown Entertainment during the period under review is described below:

According to the unaudited results (prepared in accordance with the U.S. GAAP) of Melco Crown Entertainment announced on 4 August 2016, it recorded a net revenue of US$2,174.0 million for the six-month period ended 30 June 2016 as compared to US$1,971.0 million in the six-month period ended 30 June 2015. The increase in net revenue was primarily attributable to the net revenue generated by Studio City, which started operations in October 2015, and the increase in casino revenues at City of Dreams Manila, partially offset by lower casino revenues at City of Dreams and Altira Macau.

The Adjusted property EBITDA was US$494.1 million for the first six months of 2016, as compared to Adjusted property EBITDA of US$458.2 million in the first six months of 2015. The 7.8% year-over-year improvement in Adjusted property EBITDA was mainly attributable to the contribution from newly-opened Studio City and fully-operating City of Dreams Manila, partially offset by lower contribution from City of Dreams and Altira Macau.

Net income attributable to Melco Crown Entertainment for the first half of 2016 was US$70.6 million, compared with net income attributable to Melco Crown Entertainment of US$84.9 million in the corresponding period of 2015.

City of Dreams

For the six-month period ended 30 June 2016, net revenue at City of Dreams was US$1,308.5 million compared to US$1,460.1 million in the same period of 2015. City of Dreams generated Adjusted EBITDA of US$383.3 million in the first half of 2016, representing a decrease of 7.6% compared to US$414.8 million in the comparable period of 2015. The decline in Adjusted EBITDA was primarily a result of lower rolling chip revenues and mass market table games revenues.

Rolling chip volume totaled US$19.7 billion for the first half of 2016 versus US$24.6 billion in the same period of 2015. The rolling chip win rate was 3.1% in the first half of 2016 as compared to 3.0% for the same period in 2015. The expected rolling chip win rate range is 2.7%–3.0%.

Mass market table games drop was decreased to US$2,101.3 million compared with US$2,397.8 million in the comparable period of 2015. The mass market table games hold percentage was 36.2% in the first half of 2016 compared to 34.2% for the same period in 2015.

Gaming machine handle for the six-month period ended 30 June 2016 was US$2,047.9 million, representing a decrease of 13.2% from US$2,358.6 million generated for the six-month period ended 30 June 2015. The gaming machine win rate was 3.3% in the first half of 2016 compared to 3.8% for the same period in 2015.

Total non-gaming revenue at City of Dreams in the first half of 2016 was US$124.8 million, down from US$130.5 million for the same period in 2015.

Altira Macau

For the six-month period ended 30 June 2016, net revenue at Altira Macau was US$207.1 million as compared to US$292.6 million in the same period of 2015. Altira Macau recorded a negative Adjusted EBITDA of US$12.2 million in the current review period compared with Adjusted EBITDA of US$13.3 million in the comparable period in 2015. The year-over-year decrease in Adjusted EBITDA was primarily a result of lower rolling chip revenues and higher provision for doubtful debt.

Rolling chip volume totaled US$8.8 billion in the first half of 2016 as compared to US$13.9 billion in the same period of 2015. The rolling chip win rate was 2.7% in the first half of 2016 as compared to 2.6% in the same period of 2015. The expected rolling chip win rate range is 2.7%-3.0%.

In the mass market table games segment, drop totaled US$259.4 million in the first half of 2016, a decrease of 20.4% from US$326.0 million generated in the comparable period of 2015. The mass market table games hold percentage was 17.7% in the first half of 2016 as compared to 16.5% in the same period of 2015.

Gaming machine handle for the six-month period ended 30 June 2016 was US$16.1 million, compared with US$14.9 million in the same period of 2015. The gaming machine win rate was 6.2% in the first half of 2016 compared to 6.0% in the same period of 2015.

Total non-gaming revenue at Altira Macau in the first half of 2016 was US$13.7 million, decreased from US$16.7 million for the same period in 2015.

Mocha Clubs

Net revenue from Mocha Clubs totaled US$59.8 million for the six-month period ended 30 June 2016, down from US$68.2 million in the corresponding period of 2015. Mocha Clubs generated US$11.3 million of Adjusted EBITDA in the review period, representing a decrease of 26.3% when compared to Adjusted EBITDA of US$15.4 million in the same period in 2015.

Gaming machine handle for the six-month period ended 30 June 2016 was US$1,266.5 million, compared with US$1,477.9 million in the same period of 2015. The gaming machine win rate was 4.6% in the first half of 2016 versus 4.5% in the corresponding period of 2015.

Studio City

Studio City started operations on 27 October 2015. For the six-month period ended 30 June 2016, net revenue at Studio City was US$362.5 million. Studio City generated Adjusted EBITDA of US$46.6 million in the current review period.

Mass market table games drop was US$1,139.2 million and the mass market table games hold percentage was 22.8% for the six-month period ended 30 June 2016.

Gaming machine handle was US$895.0 million and the gaming machine win rate was 3.6% for the six-month period ended 30 June 2016.

Total non-gaming revenue at Studio City for the six-month period ended 30 June 2016 was US$109.2 million.

City of Dreams Manila

For the six-month period ended 30 June 2016, net revenue at City of Dreams Manila was US$215.6 million as compared to US$127.8 million in the same period of 2015. City of Dreams Manila generated Adjusted EBITDA of US$65.1 million in the first half of 2016 compared to US$15.5 million in the comparable period of 2015. The year-over-year improvement in Adjusted EBITDA was primarily a result of increased casino revenues, including from the junket operations which began in the middle of 2015.

Rolling chip volume totaled US$3.2 billion for the first half of 2016 versus US$681.3 million in the same period of 2015. The rolling chip win rate was 3.1% in the first half of 2016 as compared to 1.5% in the corresponding period of 2015. The expected rolling chip win rate range is 2.7%–3.0%.

In the mass market table games segment, drop totaled US$254.7 million in the first half of 2016, an increase of 16.6% from US$218.4 million generated in the comparable period of 2015. The mass table games hold percentage was 28.7% in the first half of 2016 compared to 25.3% in the corresponding period of 2015.

Gaming machine handle for the six-month period ended 30 June 2016 was US$966.7 million, an increase of 13.6% from US$850.7 million generated for the six-month period ended 30 June 2015. The gaming machine win rate was 6.0% for both six-month periods ended 30 June 2016 and 2015.

Total non-gaming revenue at City of Dreams Manila for the review period was US$50.3 million compared to US$48.8 million in the same period of 2015.

(2) EGT

EGT is engaged in slot operations, development and operation of regional casinos and gaming clubs in the Indo-China region and design, manufacture and distribution of gaming chips and plaques. For the period under review, the Group's attributable segment loss arising from EGT amounted to HK$10.2 million (six-month period ended 30 June 2015: segment profit of HK$27.0 million) after taking into account the adjustments in accordance with Hong Kong Financial Reporting Standards.

The performance of EGT during the period under review is described below:

According to the unaudited financial results (prepared in accordance with the U.S. GAAP) of EGT announced on 11 August 2016, during the first half of 2016, EGT sold its principal assets related to the gaming products operations. For the six-month period ended 30 June 2016, EGT reported net loss attributable to owners of the Company of US$2.2 million as compared to net income of US$2.0 million for the same period in 2015.

For the six-month period ended 30 June 2016, EGT's revenue was US$6.1 million, representing a decrease of 31% as compared to US$8.9 million for the six-month period ended 30 June 2015 due to a change in EGT's electronic gaming machines lease agreement with NagaWorld to a fixed fee as opposed to the prior revenue sharing arrangement.

(3) MelcoLot

MelcoLot continues to be engaged in a single operating segment which is the lottery business. For the period under review, the Group's attributable segment loss arising from MelcoLot amounted to HK$14.7 million (six-month period ended 30 June 2015: HK$21.0 million).

The performance of MelcoLot during the period under review is described below:

According to the unaudited results of MelcoLot announced on 8 August 2016, it reported MelcoLot's loss of HK$12.4 million (six-month period ended 30 June 2015: HK$19.3 million), representing an improvement of 36%, which was mainly attributable to the following combined impact:

(i) Employee benefits costs decreased to HK$9.8 million for the six-month period ended 30 June 2016, as compared to HK$18.9 million for the corresponding period in 2015. The decrease was primarily due to share-based payments of HK$8.0 million recorded in 2015 in connection with certain 2014 share options that vested in 2015 but no further share-based payments in relation to these share options were recorded in 2016;

(ii) the increase in other expenses from HK$4.2 million for the six-month period ended 30 June 2015 to HK$7.3 million for the corresponding period in 2016 due to the increase in project-related travelling expenses and professional fees; and

(iii) the increase in interest income by HK$0.8 million, which is mainly due to the improved interest rate for fixed deposit with a longer term of maturity.

(4) Jumbo Kingdom

Jumbo Kingdom includes the Jumbo and Tai-Pak floating restaurants located in Aberdeen, Hong Kong.

The catering business segment recorded a loss of HK$9.1 million for the six-month period ended 30 June 2016 as compared to a loss of HK$3.9 million for the same period in 2015. The increase in loss was mainly due to drop in revenue during the six-month period ended 30 June 2016.

Property and Other Investments

This segment handles property and other treasury investments for the Group. For the six-month period ended 30 June 2016, it recorded a segment profit of HK$20.3 million, representing an increase of 12% as compared to HK$18.1 million for the same period in 2015 mainly due to increase in interest and property rental income.

SHARE OF PROFITS OF ASSOCIATES

The Group's share of profits of associates is made up of the share of profit of Melco Crown Entertainment during the period from 1 January 2016 to 8 May 2016.

In addition, the Group wrote down its investments in MCR and ChariLot Limited to zero in previous years. During the period under review, no reversal of impairment loss was considered necessary to the Group from the aforesaid associates, as MCR and ChariLot Limited continued to make losses.

SHARE OF LOSSES OF JOINT VENTURES

During the six-month period ended 30 June 2016, the Group recognized a share of losses of joint ventures of HK$2.0 million (six-month period ended 30 June 2015: HK$2.6 million), which primarily resulted from sharing of the losses of the gaming business in Russia.

GAIN (LOSS) ON DEEMED DISPOSAL OF PARTIAL INTEREST IN AN ASSOCIATE

During the six-month period ended 30 June 2016, the Group recognized a gain on deemed disposal of partial interest in an associate of HK$0.6 million (six-month period ended 30 June 2015: loss of HK$2.8 million) resulting from the exercise of share options and the vesting of certain restricted shares issued by Melco Crown Entertainment during the period from 1 January 2016 to 8 May 2016.

GAIN ON DEEMED DISPOSAL OF PREVIOUSLY HELD INTEREST IN AN ASSOCIATE

During the six-month period ended 30 June 2016, the Group recognized a gain on deemed disposal of the previously held interest in an associate of HK$10,385.5 million (six-month period ended 30 June 2015: nil) resulting principally from the unleash of fair value over cost of Melco Crown Entertainment attributable to the Group's 34.29% equity interest arising from the deemed acquisition of Melco Crown Entertainment in May 2016.

CENTRAL ADMINISTRATIVE COSTS AND OTHER UNALLOCATED CORPORATE EXPENSES

Unallocated corporate expenses was increased by 17.7% from HK$104.3 million in the first half of 2015 to HK$122.8 million in the first half of 2016. The increase was primarily due to increase in legal and professional expenses and travelling costs incurred for additional business development activities to be explored in 2016.

FINANCE COSTS

Finance costs increased to approximately HK$383.7 million for the six-month period ended 30 June 2016, compared to approximately HK$21.7 million for the six-month period ended 30 June 2015, following the consolidation of Melco Crown Entertainment's results from May 2016 onwards. They consisted predominantly of interest expenses on bank and other borrowings and other finance costs.

INCOME TAX EXPENSE

Income tax expense represented Macau Complementary Tax, Lump sum in lieu of Macau Complementary Tax in dividends, the PRC Enterprise Income Tax expense and tax provision arising from several foreign jurisdictions for the six-month periods ended 30 June 2016 and 2015.

LIQUIDITY AND FINANCIAL RESOURCES/CAPITAL STRUCTURE/CHARGE ON GROUP ASSETS

The Group finances its business operations and investments with internal resources, cash revenues generated from operating activities, and bank and other borrowings.

As of 30 June 2016, total assets of the Group were HK$107,382.0 million (31 December 2015: HK$14,316.9 million) which were financed by shareholders' funds of HK$22,390.3 million (31 December 2015: HK$12,385.8 million), non-controlling interests of HK$40,793.2 million (31 December 2015: HK$392.6 million), current liabilities of HK$9,526.3 million (31 December 2015: HK$192.0 million), and non-current liabilities of HK$34,672.3 million (31 December 2015: HK$1,346.5 million).

During the six-month period ended 30 June 2016, the Group recorded a net cash inflow of HK$10,258.0 million (six-month period ended 30 June 2015: net cash outflow of HK$52.0 million). As of 30 June 2016, cash and cash equivalents of the Group totaled HK$10,725.2 million (31 December 2015: HK$467.3 million). The increase was mainly due to the line-by-line consolidation of MCE in May 2016, which enlarged the Group's cash and bank balances as of 30 June 2016. The gearing ratio, expressed as a percentage of total borrowings divided by total assets, was at 31.3% as of 30 June 2016 (31 December 2015: 9.4%). The gearing ratio increased as of 30 June 2016 primarily as a result of an increase in borrowings after consolidating Melco Crown Entertainment during the period under review.

The Group continues to manage its balance sheet carefully and maintains conservative policies in cash and financial management. As at 30 June 2016, the Group's bank balances and cash (including bank deposits with original maturity over three months) amounted to HK$13,339.5 million (31 December 2015: HK$2,196.3 million). All borrowings, bank deposits and bank balances and cash are mainly denominated in Hong Kong dollars ("HKD"), United States dollar ("USD"), Macau Patacas ("MOP"), Renminbi ("RMB") and Philppine Peso ("PHP") to maintain stable exposure to foreign exchange risks. Also, as at 30 June 2016, the Group's bank deposits of approximately HK$0.9 million (31 December 2015: HK$0.9 million) were pledged as security for obtaining utilities for certain subsidiaries of the Group.

The Group has obtained bank loan facilities from various banks and as at 30 June 2016, total available bank loan facilities amounted to HK$42,309.9 million (31 December 2015: HK$580.3 million). Of this amount, the Group utilized HK$546.0 million and HK$30,849.1 million of unsecured and secured bank loan facilities respectively (31 December 2015: unsecured HK$546.0 million; secured HK$34.3 million). For further details of the bank and other borrowings, please refer to note 14 to the condensed consolidated financial statements for the information regarding the charge on assets, the type of borrowing facilities used, the maturity profile of borrowings, currency and interest rate structure.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

Save as disclosed in this announcement, there were no material acquisitions, disposals and significant investments by the Company during the six-month period ended 30 June 2016.

HEADCOUNT/EMPLOYEES' INFORMATION

The total number of the Group's and associates' employees was 20,970 as of 30 June 2016. Excluding the employees from associates such as MCR and ChariLot Company Limited, the total number of the Group's employees was 20,895 as of 30 June 2016 (31 December 2015: 744). Among the 20,895 employees, 16,177 are located in Macau, 409 are located in Hong Kong, 4,309 are located in Philippines, US, Cambodia and the PRC. The related staff costs for the six-month period ended 30 June 2016, including directors' emoluments, share options expenses and share award expenses, amounted to HK$1,128.3 million (six-month period ended 30 June 2015: HK$157.4 million).

Melco believes that the key to success lies in its people. The Group strives to create an environment that makes people proud to be part of it. All of its employees are given equal opportunities for advancement and personal growth. The Group believes only by growing its business, it creates opportunities and delivers value to its people. Thus, the Group encourages its people to do their best at work and grow with the Group. Melco builds employees' loyalty through recognition, involvement and participation.

Melco's people policy, systems and practices are directly aligned with the Group's mission and values which contribute to its business success.

CONTINGENT LIABILITIES

No contingent liability for the Group as at 30 June 2016 was noted.

FOREIGN EXCHANGE EXPOSURE

It is the Group's policy that its operating entities operate in their corresponding local currencies to minimize currency risks. The Group's principal businesses are conducted and recorded in HKD, USD, MOP, RMB and PHP. As the impact from foreign exchange exposure is minimal, no hedging against foreign currency exposure is necessary.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Material capital expenditure will be incurred when the Company begins to pursue different projects in the coming years. The Company expects the respective project companies to secure required funding themselves using different financing options available. The Company will also provide the required equity capital to the new projects coming ahead, provided the projects are deemed to be appropriate.

SPECIAL INTERIM DIVIDEND

Pursuant to the dividend policy announced by the Company on 28 March 2014 (the "Dividend Policy"), it is the Company's intention to provide shareholders with semi-annual dividends in an aggregate amount per year of approximately 20% of the Company's annual consolidated net income attributable to the shareholders. The Dividend Policy also allows the Company to declare special dividends from time to time.

For the six-month period ended 30 June 2016, the Group recorded a profit attributable to shareholders of HK$10,367.4 million, which is principally derived from the one-off non-cash and non-recurring special gain. Whilst no interim dividend is payable pursuant to the Dividend Policy, in view of the remarkable event of the Company gaining control over MCE and thereby consolidating the results of MCE for the first time in history, as well as our strong cash position with bank deposits and cash of HK$13,339.5 million, the Board has resolved to declare a special interim dividend of HK1.5 cents (six-month period ended 30 June 2015: HK1.5 cents) per share for the six-month period ended 30 June 2016 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 20 September 2016. The dividend is expected to be paid on Friday, 30 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 15 September 2016 to Tuesday, 20 September 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the special interim dividend, all share certificates with completed transfer forms must be lodged with the Company's share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 September 2016.

CORPORATE GOVERNANCE

In 2005, the Group adopted its Code on Corporate Governance (the "Company Code"), which sets out the corporate standards and practices used by the Group in directing and managing its business affairs. The Company Code was prepared and revised with reference to the principles, Code Provisions and Recommended Best Practices stipulated in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The Company Code not only formalizes the Group's existing corporate governance principles and practices, it also serves to assimilate practices with benchmarks prescribed by the Stock Exchange, ultimately ensuring that the Group runs a highly transparent operation and is accountable to its shareholders.

Apart from the deviation mentioned below, the Company has complied with the Company Code and the code provisions of the CG Code during the six-month period ended 30 June 2016.

Under Paragraph A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer of a listed company should be separate and performed by different individuals. However, in view of the current composition of the Board, the in-depth knowledge of Mr. Ho, Lawrence Yau Lung of the operations of the Group and of the gaming and entertainment sector in Macau, his extensive business network and connections in that sector, and the scope of operations of the Group, the Board believes it is in the best interests of the Company for Mr. Ho, Lawrence Yau Lung to assume the roles of Chairman and Chief Executive Officer until such time as the Board considers that such roles should be assumed by different persons.

The Board reviews the Company's corporate governance practices from time to time to cope with the evolving needs of the Company. To comply with the amendments of the CG Code on "Risk Management and Internal Control", the Company has reviewed and enhanced its risk management framework and processes.

The Company sets up the following board committees to ensure maintenance of a high corporate governance standard:

a. Executive Committee;
b. Audit Committee;
c. Remuneration Committee;
d. Nomination Committee;
e. Corporate Governance Committee;
f. Finance Committee;
g. Regulatory Compliance Committee; and
h. Corporate Social Responsibility Committee.

Terms of reference of the aforesaid committees have been posted on the Company's website at www.melco-group.com under the "Corporate Governance" section.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code for dealing in the Company's securities by Directors, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"). We have received confirmation from all Directors that they have complied with the required standards set out in the Model Code and the Code of Securities Dealings throughout the six-month period ended 30 June 2016.

AUDIT COMMITTEE

The Company's audit committee is currently composed of a Non-executive Director and two Independent Non-executive Directors. The primary duties of the audit committee are to (i) review the Group's annual reports, financial statements, interim reports and to provide advice and comments thereon to the board of directors of the Company; and (ii) review and supervise the financial reporting process and internal control procedures of the Group. The audit committee has reviewed the unaudited interim results of the Group for the six-month period ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six-month period ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INDEPENDENT REVIEW

The interim results for the six-month period ended 30 June 2016 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants by the Company's auditor, whose independent review report is included in the interim report.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (Managing Director), Mr. Tsui Che Yin, Frank and Mr. Chung Yuk Man, Clarence; one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Mr. Chow Kwong Fai, Edward, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony.

By Order of the Board of
Melco International Development Limited
Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

Hong Kong, 31 August 2016