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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 2015

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 2015 as follows:

FINANCIAL HIGHLIGHTS

1. Profit attributable to owners of the Company was HK\$111.1 million for the six-month period ended 30 June 2015, declined from a profit attributable to owners of the Company of HK\$907.6 million for the same period in 2014.
2. Basic earnings per share attributable to owners of the Company was HK7.2 cents for the six-month period ended 30 June 2015 compared to HK58.9 cents per share for the six-month period ended 30 June 2014.
3. An interim dividend of HK1.5 cents per share was declared for the six-month period ended 30 June 2015. The dividend, in an aggregate amount of HK\$23.2 million, represented approximately 20% of the profit attributable to owners of the Company during the period under review.
4. The Group maintained a healthy financial position during the period under review with gearing ratio recorded at 11% as of 30 June 2015, as compared with 10% as of 31 December 2014.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

		Six-month period ended 30 June	
	<i>NOTES</i>	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	212,644	89,556
Other income, other gains or losses		6,017	6,955
Investment income		–	1,338
Purchases and changes in inventories of finished goods and work in progress		(55,158)	(32,791)
Raw materials and consumables used		(7,816)	–
Employee benefits expense		(157,373)	(148,144)
Depreciation of property, plant and equipment		(19,421)	(2,826)
(Loss) gain on deemed disposal of partial interest in an associate	9	(2,812)	4,687
Share of losses of joint ventures		(2,554)	(628)
Share of profits of associates	9	220,431	1,055,908
Other expenses		(63,150)	(66,621)
Finance costs		(21,697)	(21,843)
Profit before tax		109,111	885,591
Income tax expense	5	(458)	(121)
Profit for the period		108,653	885,470
Other comprehensive (expense) income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(29)	7,067
Fair value loss on available-for-sale investments		–	(1,444)
Share of exchange differences of an associate		(2,735)	10,474
Share of exchange differences of joint ventures		827	156
Other comprehensive (expense) income for the period, net of income tax		(1,937)	16,253
Total comprehensive income for the period		106,716	901,723
Profit (loss) for the period attributable to:			
Owners of the Company		111,146	907,632
Non-controlling interests		(2,493)	(22,162)
		108,653	885,470

		Six-month period ended	
		30 June	
	<i>NOTE</i>	2015	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Total comprehensive income (expense)			
for the period attributable to:			
Owners of the Company		109,231	919,677
Non-controlling interests		(2,515)	(17,954)
		<u>106,716</u>	<u>901,723</u>
Earnings per share	7		
Basic (HK cents)		<u>7.2</u>	<u>58.9</u>
Diluted (HK cents)		<u>7.1</u>	<u>57.3</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

		30 June 2015 <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
	<i>NOTES</i>		
Non-current assets			
Investment properties	8	170,000	170,000
Property, plant and equipment		118,200	123,693
Other intangible assets		5,700	5,700
Interests in joint ventures		37,491	39,218
Interests in associates	9	11,585,276	11,465,997
Amount due from a joint venture	12	53,562	53,562
Deposits and other tax receivables		8,814	11,215
Deferred tax assets		1,087	1,101
Structured notes	10	50,000	–
		12,030,130	11,870,486
Current assets			
Inventories		30,786	22,276
Trade receivables	11	16,887	20,930
Prepayments, deposits and other receivables		65,245	66,724
Held-for-trading investments		160	173
Amounts due from associates	12	8,259	7,788
Amount due from a related company	12	53	160
Pledged bank deposits	8	947	947
Bank deposits with original maturity over three months		1,817,504	1,558,002
Bank balances and cash		497,676	549,578
		2,437,517	2,226,578
Current liabilities			
Trade payables	13	23,511	17,959
Other payables	13	122,879	123,219
Dividend payable		116,798	1,451
Taxation payable		33,009	33,160
Borrowings – due within one year	14	4,980	394,980
		301,177	570,769
Net current assets		2,136,340	1,655,809
Total assets less current liabilities		14,166,470	13,526,295

		30 June 2015	31 December 2014
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Deferred tax liabilities		5,912	5,912
Other payables		6,719	6,575
Borrowings – due after one year	14	1,337,780	794,270
		1,350,411	806,757
		12,816,059	12,719,538
Capital and reserves			
Share capital		5,436,556	5,435,321
Reserves		6,986,128	6,896,335
Equity attributable to owners of the Company		12,422,684	12,331,656
Non-controlling interests		393,375	387,882
		12,816,059	12,719,538

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

1. 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”).

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-month period ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are mandatorily effective for the current interim period:

- Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*;
- Amendments to HKFRSs *Annual Improvements to HKFRSs 2010 – 2012 Cycle*; and
- Amendments to HKFRSs *Annual Improvements to HKFRSs 2011 – 2013 Cycle*

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 at the date of these condensed consolidated financial statements are authorized for issuance but are not yet effective.

3. REVENUE

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

	Six-month period ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Catering service income	46,606	50,317
Lottery business:		
Provision of services and solutions for distribution of lottery products	4,950	1,652
Trading of lottery terminals and parts	19,126	20,891
Interest income from authorized institutions	16,142	15,078
Property rental income	1,965	1,618
Electronic gaming machines participation	69,432	–
Manufacture and distribution of gaming chips and plaques	54,423	–
	<u>212,644</u>	<u>89,556</u>

4. SEGMENTAL INFORMATION

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

- (1) Gaming, Leisure and Entertainment Segment: For the six-month period ended 30 June 2014, it mainly comprised provision of catering, entertainment and related services and lottery business, including the provision of services and solutions for distribution of lottery products and trading of lottery terminals and parts. Upon acquisition of Entertainment Gaming Asia Inc. ("EGT") on 26 November 2014 ("the Acquisition Date"), two new businesses relating to electronic gaming machines participation and design, manufacture and distribution of gaming chips and plaques are added into this operating and reportable segment.
- (2) Property and Other Investments Segment: It mainly comprises investment properties, available-for-sale investments, amounts due from associates and related segment bank balances, which receive dividend income, 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 for the period under review:

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

	Gaming, Leisure and Entertainment	Property and Other Investments	Segments' Total	Elimination	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
External sales	194,537	18,107	212,644	–	212,644
Inter-segment sales	290	419	709	(709)	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	194,827	18,526	213,353	(709)	212,644
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Segment results	1,900	18,100	20,000	–	20,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Central administrative costs and other unallocated corporate expenses					(104,257)
Finance costs					(21,697)
Loss on deemed disposal of partial interest in an associate					(2,812)
Share of losses of joint ventures					(2,554)
Share of profits of associates					220,431
					<hr/>
Profit before tax					109,111
					<hr/> <hr/>

Six-month period ended 30 June 2014 (Unaudited):

	Gaming, Leisure and Entertainment <i>HK\$'000</i>	Property and Other Investments <i>HK\$'000</i>	Segments' Total <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
External sales	72,859	16,697	89,556	–	89,556
Inter-segment sales	279	744	1,023	(1,023)	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	73,138	17,441	90,579	(1,023)	89,556
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Segment results	(18,494)	15,843	(2,651)	–	(2,651)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Central administrative costs and other unallocated corporate expenses					(149,882)
Finance costs					(21,843)
Gain on deemed disposal of partial interest in an associate					4,687
Share of loss of a joint venture					(628)
Share of profits of associates					1,055,908
					<hr/>
Profit before tax					885,591
					<hr/> <hr/>

Segment results represent the profit earned or loss incurred by each segment without allocation of central administrative costs and other unallocated corporate expenses and 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 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Gaming, Leisure and Entertainment	210,816	237,526
Property and Other Investments	2,535,180	2,277,580
Total segment assets	<u>2,745,996</u>	2,515,106
Interests in associates	11,585,276	11,465,997
Interests in joint ventures	37,491	39,218
Unallocated assets	<u>98,884</u>	76,743
Consolidated assets	<u><u>14,467,647</u></u>	<u><u>14,097,064</u></u>

Segment liabilities

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Gaming, Leisure and Entertainment	139,552	127,354
Total segment liabilities	<u>139,552</u>	127,354
Unallocated liabilities	<u>1,512,036</u>	1,250,172
Consolidated liabilities	<u><u>1,651,588</u></u>	<u><u>1,377,526</u></u>

For the purposes of monitoring segment performances 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 segment.
- all liabilities are allocated to operating segments other than borrowings, dividend payable, deferred tax liabilities and other liabilities not attributable to respective segment.

5. INCOME TAX EXPENSE

	Six-month period ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax – current period	168	121
Other jurisdictions – current period	290	–
	<u>458</u>	<u>121</u>

No provision for Hong Kong Profits Tax during the six-month period ended 30 June 2015 and 2014 was made as there was no estimated assessable profit derived from Hong Kong. Taxation arising in other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

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 Cambodia on Corporate Income Tax (CIT)/Tax on Profit (ToP), the tax rate of the Cambodia subsidiaries is 20%.

Under the Law of Philippines on Corporate Income Tax, Philippines subsidiaries 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.

6. DIVIDEND

During the six-month period ended 30 June 2015, a final dividend of HK7.5 cents per share, totalling HK\$116,000,000, in respect of the year ended 31 December 2014 was declared to the shareholders of the Company (six-month period ended 30 June 2014: HK20.8 cents per share, totalling HK\$324,909,000, in respect of the year ended 31 December 2013 was declared to the shareholders of the Company).

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK1.5 cents per share, totalling HK\$23,200,000 (six-month period ended 30 June 2014: HK11.6 cents per share, totalling HK\$181,222,000), 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 the owners of the Company is based on the following data:

	Six-month period ended	
	30 June	
	2015	2014
	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)	111,146	907,632
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options and awarded shares issued by an associate of the Group	(1,465)	(8,967)
Adjustment in relation to share options issued by a subsidiary of the Group	(14)	–
	<u>109,667</u>	<u>898,665</u>
Earnings for the purpose of diluted earnings per share	<u>109,667</u>	<u>898,665</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,541,124,467	1,540,783,813
Effect of dilutive potential ordinary shares:		
Share options and awarded shares issued by the Company	9,994,992	27,740,346
	<u>9,994,992</u>	<u>27,740,346</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,551,119,459</u>	<u>1,568,524,159</u>

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 2015 and 2014, 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.

8. PLEDGE OF ASSETS

As at 30 June 2015, the Group's bank deposits and investment properties which amounted to approximately HK\$947,000 (31 December 2014: HK\$947,000) and HK\$170,000,000 (31 December 2014: HK\$170,000,000), respectively, were pledged as security for obtaining utilities and banking facilities for the Group.

9. INTERESTS IN ASSOCIATES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Cost of investment in associates		
Listed in the United States of America ("US")	6,902,134	6,902,134
Listed in Canada	339,601	339,601
Unlisted	417	417
Net changes in interests in associates	1,367,623	1,343,345
Impairment losses recognized	(320,695)	(320,695)
Share of changes in net assets and exchange reserves	145,474	148,209
Share of post-acquisition results, net of dividends received	3,150,722	3,052,986
	<u>11,585,276</u>	<u>11,465,997</u>
Fair value of listed investments (<i>note</i>)	<u>28,472,385</u>	<u>36,840,683</u>
Carrying amount of interests in associates with shares listed on respective stock exchanges	<u>11,585,276</u>	<u>11,465,997</u>

Note: Fair values of listed investments are determined at the market price of listed shares as of period/year end on respective stock exchanges.

As at 30 June 2015, the Group held approximately 34.29% (31 December 2014: 34.23%) interests in Melco Crown Entertainment, 16.69% (31 December 2014: 16.69%) interests in Mountain China Resorts (Holding) Limited ("MCR"), and 40.00% (31 December 2014: 40.00%) interests in ChariLot Company Limited ("ChariLot").

During the six-month period ended 30 June 2015, the Group recognized a loss on deemed disposal of partial interest in an associate of approximately HK\$2,812,000 (six-month period ended 30 June 2014: a gain of approximately HK\$4,687,000) from the exercise of share options and the vesting of certain restricted shares issued by Melco Crown Entertainment. The amount represents the decrease (six-month period ended 30 June 2014: increase) in net assets attributable to the Group as a result of a decrease (six-month period ended 30 June 2014: decrease) in the Group's ownership interest in one of its associates, Melco Crown Entertainment. An additional share of net assets attributable to the Group of approximately HK\$25,907,000 (six-month period ended 30 June 2014: Nil) was also recognized in special reserve under condensed consolidated statement of changes in equity, resulting from the share repurchase and cancellation by Melco Crown Entertainment which increased the Group's effective ownership therein. During the six-month period ended 30 June 2015, the Group recognized share of profits from associates of approximately HK\$220,431,000 (six-month period ended 30 June 2014: HK\$1,055,908,000). The Group also received dividend from an associate of approximately HK\$122,695,000 (six-month period ended 30 June 2014: HK\$685,780,000).

During the six-month period ended 30 June 2014, the Group also recognized share of net assets changes of approximately HK\$149,736,000 (six-month period ended 30 June 2015: Nil), representing share of the gain recognized by Melco Crown Entertainment in its consolidated financial statements arising from deemed disposal of partial interest in its subsidiary, Melco Crown (Philippines) Resorts Corporation (“MCP”). The deemed disposal of the partial interest in MCP related to the issuance of shares by MCP to independent third parties during the prior interim period.

The listing of the ordinary shares of Melco Crown Entertainment on the Main Board of Hong Kong Stock Exchange was withdrawn on 3 July 2015 and the shares of Melco Crown Entertainment is only listed on The National Association of Securities Dealers Automated Quotations in the US thereafter.

10. STRUCTURED NOTES

On 25 June 2015, the Group subscribed, at par, for 24-month puttable step-up coupon notes in principal amount of HK\$50,000,000 (the “Notes”) from a financial institution (the “Issuer”). The Notes are interest-bearing at progressive rates ranging from 0.97% – 1.45% payable at the end of each quarter (“Interest Payment Date”), with maturity at 30 June 2017. The Group has the right to put the Notes, in whole but not in part, to the Issuer at par plus accrued interest on each coupon Interest Payment Date from and including the fifth Interest Payment Date to and including the Interest Payment Date immediately preceding the maturity date. If the Group exercises its right to put the Notes, the Issuer would have a corresponding obligation to redeem such Notes in respect of which the put right has been exercised. The management of the Company do not expect that the Notes will be early redeemed.

11. TRADE RECEIVABLES

The Group’s trade receivables related to the catering service income from the Gaming, Leisure and Entertainment segment and Property and Other Investments segment are largely operated on cash on delivery or due immediately from 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 aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated to the respective revenue recognition dates.

	30 June 2015 HK\$’000 (Unaudited)	31 December 2014 HK\$’000 (Audited)
Within 30 days	9,705	18,731
31 – 90 days	7,138	1,762
91 – 180 days	–	393
Over 180 days	44	44
	<hr/> 16,887 <hr/>	<hr/> 20,930 <hr/>

12. AMOUNTS DUE FROM ASSOCIATES/A JOINT VENTURE/A RELATED COMPANY

Included in amounts due from associates are:

- a) amount due from an associate consists of approximately HK\$2,378,000 (31 December 2014: HK\$2,378,000) which is unsecured, non-interest bearing and repayable on demand and approximately HK\$165,761,000 (31 December 2014: HK\$165,761,000) which is unsecured, interest bearing at 3% per annum and repayable on demand. All of the above balances were fully impaired as at 30 June 2015 and 31 December 2014; and
- b) the remaining amounts due from associates amounting to HK\$8,259,000 (31 December 2014: HK\$7,788,000) are unsecured, non-interest bearing and repayable on demand.

Amount due from a joint venture is unsecured, non-interest bearing and repayable on 15 July 2020.

Amount due from a related company is unsecured, non-interest bearing and repayable on demand. Mr. Ho, Lawrence Yau Lung, a shareholder with significant influence of holding over 20% shareholding in, and also a director of, the Company, has significant shareholding in that related company. Maximum amount outstanding during the six-month period ended 30 June 2015 is approximately HK\$160,000 (six-month period ended 30 June 2014: HK\$58,000).

13. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Within 30 days	20,522	15,802
31 – 90 days	1,078	619
Over 90 days	1,911	1,538
	23,511	17,959
Other payables:		
Advance of earnest money from a project partner (<i>note</i>)	58,350	58,350
Accrued operating expenses	21,365	37,144
Deposits received from customers	17,037	1,971
Others	26,127	25,754
	122,879	123,219

Note:

The amount represents the first advance payment received from a project partner, Firich Enterprises Co., Ltd. (“Firich”) in relation to the subscription of new shares of Express Wealth Enterprise Limited (“Express Wealth”), an indirectly non-wholly owned subsidiary of the Company, which was formed for the purpose of obtaining the gaming license and to undertake the proposed casino project situated in a project site wholly-owned by Dhabi Group Georgia, LCC and located in Tbilisi, Georgia. At the date of this announcement, the subscription has not yet been completed and the parties have agreed to extend the deadline for satisfaction of the conditions precedent to completion of the subscription.

14. BORROWINGS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Bank loans (<i>note (i)</i>)	582,760	429,250
Other borrowings (<i>note (ii)</i>)	760,000	760,000
	<u>1,342,760</u>	<u>1,189,250</u>
Secured	36,760	39,250
Unsecured	1,306,000	1,150,000
	<u>1,342,760</u>	<u>1,189,250</u>
Carrying amount repayable:		
Within one year	4,980	394,980
More than one year, but not exceeding two years	4,980	4,980
More than two years, but not exceeding five years	1,320,940	774,940
Exceeding five years	11,860	14,350
	<u>1,342,760</u>	<u>1,189,250</u>
Less: Amounts due within one year shown under current liabilities	<u>(4,980)</u>	<u>(394,980)</u>
	<u>1,337,780</u>	<u>794,270</u>

Notes:

- (i) All the bank borrowings are denominated in HK\$, the functional currency of relevant group entities, with interest rates of Hong Kong Interbank Offered Rates (“HIBOR”) plus 1.5% to 2.5% (31 December 2014: HIBOR plus 1.5% to 2.5%) per annum.
- (ii) In February 2013, Melco Finance Limited, a wholly owned subsidiary of the Company, issued guaranteed bonds with principal amount of HK\$760,000,000 (“Bonds”) to independent investors. The interest on the Bonds is accrued at a fixed rate of 4.15% per annum, payable quarterly in arrears, with maturity date of 5 March 2018. The Bonds are guaranteed by the Company. The proceeds will be used by the Company for general working capital and future investment purposes.

MANAGEMENT DISCUSSION & ANALYSIS

SIGNIFICANT EVENTS AND DEVELOPMENTS

Despite facing a challenging environment in Macau's gaming market, Melco International Development Limited ("Melco" or the "Group") has continued to make progress on its exciting development pipeline, forging ahead in fulfilling its commitment to deliver unprecedented new levels of entertainment-driven offerings in Macau and overseas.

Melco Crown Entertainment Limited ("Melco Crown Entertainment"), the Group's core gaming arm, has delivered a solid operating performance in the first half of 2015. Its latest large-scale integrated resort, Studio City, is well underway to a grand opening on 27 October 2015. As Macau's new cinematically-themed entertainment and leisure destination, Studio City is to introduce the most diversified mix of entertainment ever contemplated in Macau, thereby substantially enhancing Macau's appeal to an increasingly sophisticated Asian consumer who is continually seeking a world-class, multi-faceted tourism experience. In addition, Studio City complements Melco Crown Entertainment's already unique and innovative portfolio of assets including City of Dreams, which remains the leading premium-focused integrated resort in Macau.

Outside of Macau, City of Dreams Manila continues to build on its early success, with its mass market gaming operations and non-gaming attractions delivering robust growth since its successful opening in December 2014. The Group is also actively evaluating development opportunities and expanding its property portfolio beyond Asia. MelcoLot Limited ("MelcoLot"), the Group's subsidiary, is planning to establish a boutique casino project in Tbilisi, Georgia and a premium integrated resort project in Spain adjacent to Barcelona.

CORE BUSINESS

Gaming Business in Asia

The Group's core gaming business operated through its major associate Melco Crown Entertainment delivered a solid operating and financial performance in what continues to be a challenging environment within Macau. Net revenue and Adjusted property EBITDA amounted to US\$1,971.0 million and US\$458.2 million respectively in the first half of 2015, representing a decrease of 22.9% and 34.6% respectively. The decreases were primarily attributable to lower group-wide rolling chip revenues and mass market table games revenues in Macau, partially offset by the net revenue generated by City of Dreams Manila, which started operations in December 2014.

For the first half of 2015, the Group's flagship property in Macau, City of Dreams, has recorded a net revenue of US\$1,460.1 million and an Adjusted property EBITDA of US\$414.8 million, representing a decrease of 28.5% and 34.3% compared to US\$2,041.5 million and US\$631.6 million in the comparable period of 2014. The decline in Adjusted property EBITDA was primarily a result of lower rolling chip revenues and mass market table games revenues. Mass market table games drop decreased by 8.8% to US\$2,397.8 million compared with US\$2,629.9 million in the first half of 2014. Total non-gaming revenue at City of Dreams has recorded a 5.3% year-over-year decrease to US\$130.5 million.

Melco Crown Entertainment has always strived to offer visitors a unique and diverse entertainment experience and have consistently supported the Macau Government's long term vision for Macau as a world-class leisure and tourism destination. Underscoring this support, Melco Crown Entertainment is about to embark on its next major stage of development, with the opening of the highly-anticipated US\$3.2 billion Studio City on 27 October 2015. The prestigious opening celebration will feature the world's premiere of the "The Audition", starring legends of Hollywood, Robert De Niro, Leonardo DiCaprio, Brad Pitt and Academy-award winning director Martin Scorsese.

The Hollywood-inspired Studio City is to take best-of-class entertainment-fuelled leisure offerings to a whole new level in Macau, with a wide variety of global brands and non-gaming attractions such as the world's highest figure-8 Ferris wheel, the Golden Reel; an action-packed 4D flight simulation ride, Batman Dark Flight; a family entertainment centre for kids filled with Warner Bros.' and DC Comics' franchise characters and play-rides, Warner Bros. Fun Zone; and a live magical experience showcasing the world's greatest magicians, The House of Magic.

Outside of Macau, City of Dreams Manila, which has commenced operations since December 2014, continues to grow revenues across all business segments. The property's world-class array of gaming and non-gaming attractions enables City of Dreams Manila to enjoy market-leading visitation in that area, positioning the property for long term success as the city develops into one of the leading tourism destinations in Asia. In the first half of 2015, City of Dreams Manila has recorded mass market table games drop of US\$218.4 million and the total non-gaming revenue at City of Dreams Manila was US\$48.8 million.

Gaming Machine Revenue Participation 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 64.8%, recorded consolidated revenue of US\$15.9 million for the first half of 2015, up approximately 65.2% year-on-year due to increases in both its gaming chip and plaque sales and gaming operations revenue. EGT posted a consolidated net income and Adjusted EBITDA of US\$2.0 million and US\$5.7 million, respectively, for the first half of 2015. EGT has recorded a cash balance of US\$24.6 million and zero debt as of 30 June 2015.

EGT has an established presence in the gaming markets of Cambodia and the Philippines through its slot operations business, which generated US\$8.9 million in revenue for the first half of 2015. As of 30 June 2015, EGT had approximately 1,600 electronic gaming machine seats in operation. This included 670 seats placed under the joint management of EGT and NagaWorld Limited, a wholly-owned subsidiary of NagaCorp Ltd., in NagaWorld Resort and Casino located in Phnom Penh, Cambodia. EGT's slot operations achieved an average daily net win of US\$120 per machine seat for the first half of 2015, while its operations in NagaWorld achieved an average daily net win of US\$223 per machine seat for the same period.

During the first half of 2015, EGT's gaming chips and plaques business generated approximately US\$7.0 million in revenue due to strong reorders from existing customers. EGT has continued efforts to improve production efficiencies and capacity utilization for its manufacturing facilities in Hong Kong and achieved a gross profit for this business in the first half of 2015.

Lottery Management Business in Asia

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 Centre, 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 the Chongqing Municipality, and has developed a presence in the PRC by managing a network of retail outlets. During the first half of 2015, MelcoLot's revenue increased by approximately 6.8% to HK\$24.1 million, compared to the same period in 2014. The distribution business continues to be MelcoLot's major revenue generator and contributed to approximately 79.4% of its revenue for the six-month period ended 30 June 2015, compared to 92.7% in 2014.

The overall China lottery market continues to expand and paperless distribution channels are envisaged to be a key growth engine, given their ability to effectively penetrate wide geographic areas and reach untapped market segments. MelcoLot aims to maintain and enhance its position as a lottery terminal and parts provider in the PRC, and also focus on the development of paperless tickets, online sales and mobile phone applications. The Chinese lottery market remains challenging with the continuous changes of the regulatory framework by Chinese authorities, but these changes will no doubt bring new opportunities for the Group to use our competitive strength to capitalize on.

In line with the leisure and entertainment corporate philosophy of Melco, MelcoLot has also been diligently pursuing investment opportunities outside of lottery and the PRC market. MelcoLot is engaged in discussions to establish a new boutique casino project in Tbilisi, Georgia, and is also continuing in the planning process in relation to the development of a premium integrated resort project in Spain, adjacent to Barcelona.

MelcoLot's plan to launch a boutique casino project in the Republic of Georgia continued to make headway. Although it has taken longer than originally anticipated to settle the terms of the casino premises lease, that process is now in its final stage. The conclusion of the casino premises lease is one of the conditions precedent to the closing of the deemed disposal of MelcoLot's interest in the special purpose vehicle for this project (as announced by MelcoLot on 20 November 2014) and so the deemed disposal has yet to be completed. Regarding the development of a premium integrated resort near Barcelona, Spain, it is expected that the second phase public tender will commence shortly. Our planning process has been continuing.

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 Asia S.A. to operate and manage two of the hotels at Yabuli Resort, has been growing progressively over the winter season of 2015. A steady year-on-year rise in revenue was recorded in the first half of 2015, resulting from the successful shift in the company's sales strategy to focus on China's domestic market for the 2014-2015 winter season and the overall improvements in service quality. 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.

ACHIEVEMENTS AND AWARDS

While striving to attain sustainable growth, Melco is also steadfastly committed to maintaining high standards of corporate governance and corporate social responsibility, along with achieving enhanced transparency and accountability. During the period under review, the Group's efforts here have again been widely acclaimed and enjoyed solid support across all quarters of society.

Corporate Governance

In 2015, Melco's management has gained continued recognition within the business and investor community for its strong business leadership and management team. Group Chairman and Chief Executive Officer, Mr. Lawrence Ho was once again honoured as the "Asia's Best CEO" by *Corporate Governance Asia*. In addition, the Group has been honoured with the "Best Investor Relations Company" award, presented by Corporate Governance Asia. All of these accolades clearly demonstrate that the Group's efforts in corporate governance are widely appreciated.

Corporate Social Responsibility

Melco always regards corporate social responsibility ("CSR") as an essential part of the Group's operations by devoting its utmost efforts in contributing to society as well as caring for the environment and the community in which we live and work.

After recognition by *Corporate Governance Asia Magazine* for the previous two consecutive years, in 2015, the Group has again garnered the "Best Environmental Responsibility" and "Best CSR" titles. Melco has continued to proactively make significant progress on the environmental front by launching initiatives consistent with the Group's CSR focus on the environment.

In addition, the Group's annual Corporate Social Responsibility Report has been awarded the "Gold Prize" in the International ARC Awards under the category of "Specialized Annual Report: Corporate Social Responsibility Report".

Business Operations

Through offering consistently exquisite culinary masterpieces, Jade Dragon and The Tasting Room at City of Dreams have been honoured with the coveted Michelin Star respectively for the second and third year in a row, making them two of the only 11 Michelin-star restaurants in Macau with the release of the latest *Michelin Guide*. The prestigious recognition has also maintained City of Dreams' status as the property with the most Michelin-star restaurants on Cotai, Macau in 2015.

Once again, hotels, spa facilities and restaurants at Altira Macau and Crown Towers at City of Dreams have garnered the Five-Star Awards in 2015 *Forbes Travel Guide*, which recognizes properties around the world that meet the most demanding hospitality standards. With eight Forbes Star-graded facilities, the most in Macau, Melco's everlasting commitment to unparalleled service cross all its properties has been well-rewarded.

These accolades, as acknowledged by associated industries and communities, highlight the Group's success in pursuing excellence in corporate governance and its outstanding operational performance. These awards underline Melco's high appreciation by local communities due to its steadfast commitment to serving the public in the best way possible.

OUTLOOK

Macau gaming industry has been facing unprecedented challenges with unfavourable market conditions which are notably anticipated to remain difficult in the short term.

Factors including full smoking ban in casinos and restriction on visitations have inevitably affected the overall gaming revenue. Despite economic slowdown in China over the years, both Macau and the Central government have been very supportive in diversifying Macau towards non-gaming development. Melco, as the pioneer in non-gaming market, has been dedicated to providing world-class entertainment offerings to diversify Macau's economy to non-gaming tourism and the world centre for tourism and leisure.

The upcoming Studio City, with arrays of innovative leisure and entertainment options will further enrich the Group's entertainment portfolio whilst strengthen our market share. Besides being ideally located with just a short walking distance away to the Lotus Bridge connecting Hengqin Island in China, Studio City is also a future station-point for the Macau Light Rapid Transit, enabling more convenient access to tourists. With possible change of new smoking ban regulations and lengthening of tourist visa, these will potentially facilitate more visitations to Macau.

With increasing competitions from other operators scheduling new properties to open in coming years, Melco Crown Entertainment is well prepared to bolster our presence in the mass market to grasp the opportunities in this segment. Not only have we developed a distinguished new project Studio City, we also completed substantial and innovative enhancements to our flagship property – City of Dreams, the new social hub SOHO offering diverse dining, entertainment and street cultural experience to visitors, expansion of the retail offerings, and also revamped Kids' City, the largest family entertainment playground in Macau. Within Macau, we believe ensuring diversification and innovation are paramount in overcoming the challenges and maintain sustainable success in the city.

Apart from Macau, Melco continues to strengthen its presence overseas. The recently opened integrated casino entertainment resort City of Dreams Manila is targeting the burgeoning and increasingly important Asian middle class with rapidly-rising disposable incomes. We believe City of Dreams Manila can boost local tourism and introduce the Melco Crown Entertainment and City of Dreams brands to tourists from neighbouring Southeast Asian countries, thereby strengthening our presence in the region. Beyond Asia, the Group is also actively evaluating development opportunities and MelcoLot, a subsidiary of the Group, is looking specifically at a boutique casino project in Tbilisi, Georgia and a premium integrated resort project in Spain, close to Barcelona as previously announced.

Opportunities from other countries such as Japan have been carefully considered. Looking ahead, Melco will continue our vision of becoming a global market leader in the gaming, leisure and entertainment industry, strive for diversification and seize opportunities in offering a wide spectrum of both gaming and non-gaming business worldwide.

FINANCIAL REVIEW

	Six-month period ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Segment Results:		
Gaming, Leisure and Entertainment	1,900	(18,494)
Property and Other Investments	18,100	15,843
	20,000	(2,651)
Share of profits of associates	220,431	1,055,908
Share of losses of joint ventures	(2,554)	(628)
(Loss) gain on deemed disposal of partial interest in an associate	(2,812)	4,687
Central administrative costs and other unallocated corporate expenses	(104,257)	(149,882)
Finance costs	(21,697)	(21,843)
Profit before tax	109,111	885,591
Income tax expense	(458)	(121)
Profit for the period	108,653	885,470
Non-controlling interests	2,493	22,162
Profit for the period attributable to owners of the Company	111,146	907,632

For the six-month period ended 30 June 2015, the Group reported profit attributable to owners of the Company of HK\$111.1 million compared to HK\$907.6 million for the same period in 2014.

SEGMENT RESULTS

Gaming, Leisure and Entertainment

The gaming, leisure and entertainment businesses are mainly formed by the core (i) Macau gaming business (conducted via 34.29%-owned Melco Crown Entertainment), in which the brief descriptions for the performance of the core Macau gaming business for the six-month period ended 30 June 2015 are included under the heading “SHARE OF PROFITS OF ASSOCIATES” below, (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	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
EGT (1)	26,979	–
MelcoLot (2)	(21,048)	(18,339)
Jumbo Kingdom (3)	(3,888)	150
Others (4)	(143)	(305)
	1,900	(18,494)

(1) EGT

On 26 November 2014, EGT Entertainment Holding Limited, an indirect wholly-owned subsidiary, subscribed for 26,062,294 new shares of EGT at US\$0.54 (equivalent to HK\$4.20) per share with a total consideration of US\$14,074,000 (equivalent to approximately HK\$109,493,000) under EGT's rights issue ("EGT Rights Issue").

Immediately prior to the EGT Rights Issue, the Company indirectly owned 11,450,000 shares of EGT, representing 38.04% of the outstanding shares of EGT. Upon completion of the EGT Rights Issue, the Company indirectly owned 37,512,294 shares of EGT, representing approximately 64.81% of the outstanding shares of EGT. Accordingly, EGT became a subsidiary of the Group from 26 November 2014 onwards. As at 30 June 2015, the Group owns approximately 64.84% of 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 profit arising from EGT amounted to HK\$27.0 million (six-month period ended 30 June 2014: Nil) 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 results (prepared in accordance with the United States Generally Accepted Accounting Principles ("U.S. GAAP") of EGT announced on 6 August 2015, it reported EGT's revenue of US\$15.9 million for the six-month period ended 30 June 2015, an increase of 65.2% compared to US\$9.6 million for the six-month period ended 30 June 2014 due to increase in both the gaming operations and gaming products business.

Gaming operations revenue was US\$8.9 million for the six-month period ended 30 June 2015, an increase of 7.5% compared to US\$8.3 million for the six-month period ended 30 June 2014 due to improvement in the Cambodia operations partially offset by a decline in the Philippines operations.

Revenue from gaming products was US\$7.0 million for the six-month period ended 30 June 2015, an increase of 424% compared to US\$1.3 million for the six-month period ended 30 June 2014 due to strong reorder levels from existing customers for the product of gaming chips and plaques.

EGT reported net income of US\$2.0 million for the six-month period ended 30 June 2015. This compared to a net loss of US\$1.0 million for the six-month period ended 30 June 2014.

(2) **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\$21.0 million (six-month period ended 30 June 2014: HK\$18.3 million).

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

According to the unaudited results of MelcoLot announced on 10 August 2015, it reported MelcoLot's loss of HK\$19.3 million (six-month period ended 30 June 2014: HK\$ 20.8 million). It was mainly attributable to the following reasons:

- (i) Slight increase in revenue, specifically for provision of services and solutions for the distribution of lottery products;
- (ii) Net foreign exchange loss was minimal for the six-month period ended 30 June 2015 (six-month period ended 30 June 2014: loss of HK\$7.0 million);
- (iii) Finance costs decreased by 100% from HK\$3.1 million for the six-month period ended 30 June 2014 to nil for the corresponding period in 2015. The decrease was due to the fully settlement of an amount due to its immediate holding company in June 2014; and
- (iv) Employee benefits costs were increased to HK\$18.9 million for the six-month period ended 30 June 2015, compared to HK\$8.7 million for the corresponding period in 2014. The increase was primarily due to the non-cash expenses arising from share option scheme granted in August 2014.

(3) 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\$3.9 million for the six-month period ended 30 June 2015 compared to a profit of HK\$0.2 million for the same period in 2014. The decrease was mainly due to drop in revenue coupled with an increase in staff costs during the six-month period ended 30 June 2015.

(4) Others

Other items mainly consist of professional fees incurred for the administration of intermediate holding companies as well as exchange differences arising from the settlement of expenses.

Property and Other Investments

This segment handles property and other treasury investments for the Group. For the six-month period ended 30 June 2015, it recorded a segment profit of HK\$18.1 million, an increase of 14.2% compared to HK\$15.8 million for the same period in 2014 largely due to increase in interest income and the minimal net foreign exchange loss for the six-month period ended 30 June 2015.

SHARE OF PROFITS OF ASSOCIATES

The Group's share of profits of associates is made up of the following:

	Six-month period ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Share of profit of Melco Crown Entertainment (1)	<u>220,431</u>	<u>1,055,908</u>

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

(1) Share of profit of Melco Crown Entertainment

For the period under review, the Group's attributable profit arising from its 34.29% ownership of Melco Crown Entertainment amounted to approximately HK\$220.4 million (six-month period ended 30 June 2014: HK\$1,055.9 million) after taking into account the adjustments in accordance with Hong Kong Financial Reporting Standards.

According to the unaudited results (prepared in accordance with the U.S. GAAP of Melco Crown Entertainment announced on 6 August 2015, it reported net revenue of US\$1,971.0 million for the six-month period ended 30 June 2015 versus US\$2,556.9 million in the six-month period ending 30 June 2014. The decline in net revenue was primarily attributable to lower rolling chip revenues and mass market table games revenues in Macau, partially offset by the net revenue generated by City of Dreams Manila, which started operations in December 2014.

The Adjusted property EBITDA was US\$458.2 million for the first six months of 2015, as compared to Adjusted property EBITDA of US\$701.1 million in the first six months of 2014. The 34.6% year-over-year decline in Adjusted property EBITDA was attributable to lower group-wide rolling chip volumes and rolling chip win rate, together with a lower contribution from the mass market table games segment.

Net income attributable to Melco Crown Entertainment for the first half of 2015 was US\$84.9 million, compared with net income attributable to Melco Crown Entertainment of US\$383.2 million in the corresponding period of 2014.

City of Dreams

For the six-month period ended 30 June 2015, net revenue at City of Dreams was US\$1,460.1 million compared to US\$2,041.5 million in the same period of 2014. City of Dreams generated Adjusted EBITDA of US\$414.8 million in the first half of 2015, representing a decrease of 34.3% compared to US\$631.6 million in the comparable period of 2014. 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\$24.6 billion for the first half of 2015 versus US\$46.8 billion in the same period of 2014. The rolling chip win rate was 3.2% and 2.7% in the first quarter and second quarter of 2015 respectively. The expected rolling chip win rate range is 2.7%–3.0%. Mass market table games drop decreased to US\$2,397.8 million compared with US\$2,629.9 million in the comparable period of 2014. The mass table games hold percentage was 35.9% in the first quarter and 32.4% in the second quarter of 2015.

Gaming machine handle for the six-month period ended 30 June 2015 was US\$2,358.7 million, down 21.4% from US\$3,001.1 million generated for the six-month period ended 30 June 2014.

Total non-gaming revenue at City of Dreams in the first half of 2015 was US\$130.5 million, down from US\$137.8 million for the same period in 2014.

Altira Macau

For the six-month period ended 30 June 2015, net revenue at Altira Macau was US\$292.6 million compared to US\$411.4 million in the same period of 2014.

Altira Macau generated Adjusted EBITDA of US\$13.3 million in the current review period compared with Adjusted EBITDA of US\$50.3 million in the comparable period in 2014. The year-over-year decrease in Adjusted EBITDA was primarily a result of lower rolling chip revenues.

Rolling chip volume totaled US\$13.9 billion in the first half of 2015 versus US\$18.4 billion in the same period of 2014. The rolling chip win rate was 2.5% in the first quarter and 2.7% in the second quarter of 2015. The expected rolling chip win rate range is 2.7% – 3.0%. In the mass market table games segment, drop totaled US\$326.0 million in the first half of 2015, a decrease of 18.6% from US\$400.6 million generated in the comparable period of 2014.

In the first quarter of 2015, the mass market hold rate was 17.2% while in the second quarter, it was 15.9%. Total non-gaming revenue at Altira Macau in the first half of 2015 was US\$16.7 million, slightly decreased from US\$18.5 million for the same period in 2014.

Mocha Clubs

Net revenue from Mocha Clubs totaled US\$68.1 million in the six-month period ended 30 June 2015, down from US\$76.1 million in the corresponding period of 2014. Mocha Clubs generated US\$15.4 million of Adjusted EBITDA in the review period, a decrease of 22.6% when compared to Adjusted EBITDA of US\$19.9 million in the same period in 2014. The number of gaming machines in operation at Mocha Clubs averaged approximately 1,200 in both the first and second quarter of 2015, compared to approximately 1,400 and 1,200 in the comparable periods in 2014. The net win per gaming machine per day was US\$316 in the first quarter and US\$299 in the second quarter of 2015, as compared with US\$316 and US\$331 in the comparable period in 2014.

City of Dreams Manila

For the six-month period ended 30 June 2015, net revenue at City of Dreams Manila was US\$127.7 million. City of Dreams Manila generated Adjusted EBITDA of US\$15.5 million in the first half of 2015.

Rolling chip volume totaled US\$681.3 million for the first half of 2015. The rolling chip win rate was negative 0.8% in the first quarter and positive 2.4% in the second quarter of 2015. The expected rolling chip win rate range is 2.7%–3.0%.

Mass market table games drop was US\$218.4 million and the mass market table games hold percentage was 25.2% in the first quarter and 25.4% in the second quarter of 2015. Gaming machine handle for the first half of 2015 was US\$850.8 million. The number of gaming machines in operation at City of Dreams Manila averaged approximately 1,700 in the second quarter of 2015. The net win per gaming machine per day was US\$183 for the second quarter of 2015.

Total non-gaming revenue at City of Dreams Manila in the review period was US\$48.8 million.

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

During the six-month period ended 30 June 2015, the Group recognized a loss on deemed disposal of partial interest in an associate of HK\$2.8 million (six-month period ended 30 June 2014: gain of HK\$4.7 million) resulting from the exercise of share options and the vesting of certain restricted shares issued by Melco Crown Entertainment.

CENTRAL ADMINISTRATIVE COSTS AND OTHER UNALLOCATED CORPORATE EXPENSES

Unallocated corporate expenses decreased by 30.4% from HK\$149.9 million in the first half of 2014 to HK\$104.3 million in the first half of 2015. The decrease was primarily due to decline in the amortization expenses arising from share options and share award granted in the period under review, together with an one-off open offer expense for a subsidiary of the Group, MelcoLot, was recorded in the same period of 2014.

FINANCE COSTS

Finance costs remained constant and was approximately HK\$21.7 million for the six-month period ended 30 June 2015, compared to approximately HK\$21.8 million for the six-month period ended 30 June 2014. They consisted predominantly of the interest expenses on the bank and other borrowings.

INCOME TAX EXPENSE

Income tax expense represented the PRC enterprise income tax expense and tax provision arising from several foreign jurisdictions for the six-month period ended 30 June 2015, compared to PRC enterprise income tax expense for the six-month period ended 30 June 2014.

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 2015, total assets of the Group were HK\$14,467.7 million (31 December 2014: HK\$14,097.1 million) which were financed by shareholders' funds of HK\$12,422.7 million (31 December 2014: HK\$12,331.6 million), non-controlling interests of HK\$393.4 million (31 December 2014: HK\$387.9 million), current liabilities of HK\$301.2 million (31 December 2014: HK\$570.8 million), and non-current liabilities of HK\$1,350.4 million (31 December 2014: HK\$806.8 million). The Group's current ratio, expressed as current assets over current liabilities, was maintained at a satisfactory level of 8.1 (31 December 2014: 3.9).

During the six-month period ended 30 June 2015, the Group recorded a net cash outflow of HK\$52.0 million (six-month period ended 30 June 2014: net cash inflow of HK\$970.2 million). As of 30 June 2015, cash and cash equivalents of the Group totaled HK\$497.7 million (31 December 2014: HK\$549.5 million). The decrease was mainly due to the purchase of 24-month puttable step-up coupon notes issued by BOCI Financial Products Limited in the principal amount of HK\$50.0 million on 25 June 2015. The gearing ratio, expressed as a percentage of total borrowings over shareholders' funds, was at a satisfactory level of 11% as of 30 June 2015 (31 December 2014: 10%).

In illustrating the Group's adoption of a prudent treasury policy, 84% of bank balances and cash are put in short-term fixed deposits. All borrowings, bank deposits and bank balances and cash are mainly denominated in Hong Kong dollars, U.S. dollars and Renminbi to maintain stable exposure to foreign exchange risks. Also, as at 30 June 2015, the Group's bank deposits of approximately HK\$0.9 million (31 December 2014: HK\$0.9 million) were pledged as security for obtaining utilities for certain subsidiaries of the Group.

As at 30 June 2015, the guaranteed bonds issued by the Group amounted to HK\$760.0 million, which are interest bearing of 4.15% per annum and mature on 5 March 2018. The bonds are guaranteed by the Company. As at 30 June 2015, the Group's total available bank loan facilities from various banks amounted to HK\$582.8 million (31 December 2014: HK\$429.3 million), of which HK\$36.8 million (31 December 2014: HK\$39.3 million) was secured by pledging HK\$170.0 million of the Group's investment properties. As at 30 June 2015, the Group utilized HK\$546.0 million and HK\$36.8 million of unsecured and secured bank loan facilities respectively (31 December 2014: unsecured HK\$390.0 million; secured HK\$39.3 million). Details of bank and other borrowings are given in note 14 to the condensed consolidated financial statements.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

Other than those disclosed in this announcement, there were no material acquisitions, disposals and significant investments by the Company during the six-month period ended 30 June 2015.

HEADCOUNT/EMPLOYEES' INFORMATION

The total number of the Group's and associates' employees was 19,789 as of 30 June 2015. Excluding the employees from associates such as Melco Crown Entertainment, MCR and ChariLot, the total number of the Group's employees became 764 as of 30 June 2015 (31 December 2014: 829). Among the 764 employees, 344 are located in Hong Kong, 420 are located in Philippines, US, Cambodia, Macau and the PRC. The related staff costs for the six-month period ended 30 June 2015, including directors' emoluments, share options expenses and share award expenses, amounted to HK\$157.4 million (six-month period ended 30 June 2014: HK\$148.1 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 was noted for the Group as at 30 June 2015.

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 Hong Kong dollar, Macau Patacas, United States dollar, Renminbi and Philippine Peso. 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.

INTERIM DIVIDEND

The directors has resolved to declare an interim dividend of HK1.5 cents (six-month period ended 30 June 2014: HK11.6 cents) per share for the six-month period ended 30 June 2015 to shareholders whose names appear on the Register of Members of the Company on Thursday, 17 September 2015. The dividend is expected to be paid on Wednesday, 30 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 15 September 2015 to Thursday, 17 September 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the 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 Monday, 14 September 2015.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 period from 1 January to 30 June 2015.

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 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 <http://www.melco-group.com> under the "Corporate Governance" section.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of the directors of the Company, all the directors confirmed that they have complied with the required standard of dealings and code of conduct regarding securities transactions as set out in the Model Code throughout the six-month period ended 30 June 2015.

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 2015.

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

During the six-month period ended 30 June 2015, 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 2015 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

During the six-month period ended 30 June 2015, Sir Roger Lobo, an Independent Non-executive Director, passed away. The Board was greatly indebted to Sir Roger for his invaluable contribution since he joined the Board in 1998. The vacancy occasioned by the passing away of Sir Roger has been filled.

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), 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 2015