Macau Property
Opportunities Fund

Interim Report for the 6-month
period ended 31 December 2015

On Higher Ground

Despite the current economic downturn, Macau remains a uniquely attractive investment prospect, boasting enviable potential for sustainable long-term growth.

Undaunted by the short-term setbacks that the territory's gaming industry is facing, the private sector continues to demonstrate commitment to the Macau market, with the development of new integrated resorts. The government is ploughing resources into transportation and infrastructure to support such investment and to complement the development of neighbouring China's Hengqin Island.

From our vantage point, Macau's future still holds much potential, and we believe a recovery is in sight, although the process is likely to be gradual.

The Company continues to invest in our existing property portfolio to maintain and enhance the quality of our assets, in anticipation of realising buoyant returns when market sentiment inevitably improves.

Listed on the London Stock Exchange, Macau Property Opportunities Fund is the only quoted property fund dedicated to investing in Macau, the world's largest gaming market and one of its fastest-growing economies.

Managed by Asian property investment manager, Sniper Capital Limited, MPO's portfolio is valued at over US$400 million.

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Note: US Dollar/Sterling exchange rate used in this report is 1.473 based on the rate as at 31 December 2015, unless otherwise stated.

Key Highlights

Portfolio Valuation

US$405.7 million

Adjusted NAV Per Share

US$3.21 (218 pence)

-19% over the period

Share Buybacks

US$3.02 million

Worth of shares repurchased

Share Price as at 31 December 2015

157 pence

-25% over the period

The Waterside

Enhancement programme continues

Completed: 11 units (as at 31 December 2015)
By mid-2016: another 20 units

One Central Residences

Refinancing of properties

Secured US$36 million term loan

The Fountainside

Handover exercise in progress

26 units completed

Estrada da Penha

Asset enhancement works carried out

Two detached houses consolidated into one ultra-prime villa

Key Milestones

BY CALENDAR YEAR

2006
Listed on AIM of London Stock Exchange

2007
Acquired *Senado Square* site and smaller individual properties worth US$43 million

2008
Maiden investment into the logistic sector

2009
Secured US$83 million of loan facility

2010
Listed on the Main Market of London Stock Exchange

2011
Returned US$17.9 million of capital to shareholders

2012
US$13 million worth of shares repurchased

2013
Divested Sky House, an iconic penthouse in One Central Residences for US$19.4 million

2014
Inclusion into FTSE All-Share and FTSE SmallCap indices

2015
Completed the acquisition of a luxury private residence next to *The Green House* for US$23.5 million

Chairman's Message

The past year has been a challenging one for Macau Property Opportunities Fund. The continued fall in Macau's gaming revenues, which have been declining since mid-2014, has affected sentiment and in turn the value of real estate.

Market conditions and government policies, coupled with volatility in world financial markets, have provided an uncertain backdrop to Macau's economy. This has delayed our asset realisation programme.

Chris Russell
Chairman

Financial Performance

As at 31 December 2015, MPO's portfolio was appraised at US$405.7 million, a decline of 12.3% since 30 June 2015. Adjusted NAV stood at US$245.5 million, equating to US$3.21 (218 pence) per share, a decline of 19.1% since June 2015.

IFRS NAV decreased 25.7% to US$115.5 million, with an IFRS NAV per share of US$1.51 (103 pence).

MPO's share price was 157 pence as at 31 December 2015, a 28% discount to its Adjusted NAV per share.

During the period, 1.1 million shares worth £1.94 million (US$3.02 million) were repurchased and cancelled at an average price of 176.6 pence (US$2.74), reducing the total number of shares in issue to 76,432,964.

MPO's total borrowings were US$165.0 million, equating to a loan-to-value ratio of 39% as at 31 December 2015.

Portfolio Focus

During this challenging period for divestments, the Company's focus has been on enhancing the value of our portfolio through asset management.

The Green House was successfully merged with the recently acquired adjoining property, resulting in the creation of a single exceptional residence – *Estrada da Penha*.

Detached properties are rare in Macau. A vacant residence of significant size with an outlook like *Estrada da Penha's* in the prestigious Penha Hill district is unique.

Continued upgrading of the apartments in *The Waterside*, together with a reinvigorated marketing strategy, has begun to bear fruit. The occupancy rate at *The Waterside* had recovered from a low of 33% in September to 41% by the period end and rental values have stabilised.

With the market downturn hindering further sales at *The Fountainside*, our focus has been on the handover of units already sold and the sale of vehicle parking spaces, generating further cash flow for the Company.

We are still awaiting planning approval for our prime retail redevelopment project, *Senado Square*, which we expect to be issued later this year. The protracted delay has been unwelcome, but the site remains one of the best performing assets in the portfolio. We continue to believe that this remarkable freehold property will yield high values based on increasing demand for modern retail facilities in Macau's prime shopping district.

Long-term Prospects Remain Intact

Macau is currently experiencing a pause in the extraordinary growth it has enjoyed over the past decade. Although this has delayed asset sales, we believe it is beneficial for the territory. The city is diversifying to become a more balanced economy, with a reduced dependence on gaming, while the gaming mix continues to move towards the higher-margin mass market.

Despite Macau having entered a recession, the territory's underlying economic fundamentals are sound. A new ferry terminal, the expansion of the airport and the forthcoming completion of the Hong Kong-Zhuhai-Macau bridge, albeit delayed, are positive infrastructure developments. The casinos remain highly profitable, with new casino resorts progressively opening as planned.

These factors, combined with Macau's development as a leisure destination for China's rapidly emerging middle class, will continue to support population growth, and hence drive demand for real estate.

A recovery in real estate prices is unlikely to take place until gaming revenues stabilise. The month-on-month decline in gross gaming revenues has slowed and the bottom might reasonably be expected to be reached later this year. In the meantime, we will maintain the Company's focus on asset and cash management to capitalise on a recovery in confidence and transaction volumes when sentiment improves.

The Company will focus on asset and cash management to capitalise on a recovery in confidence and transaction volumes.

Continuation of Fund Life

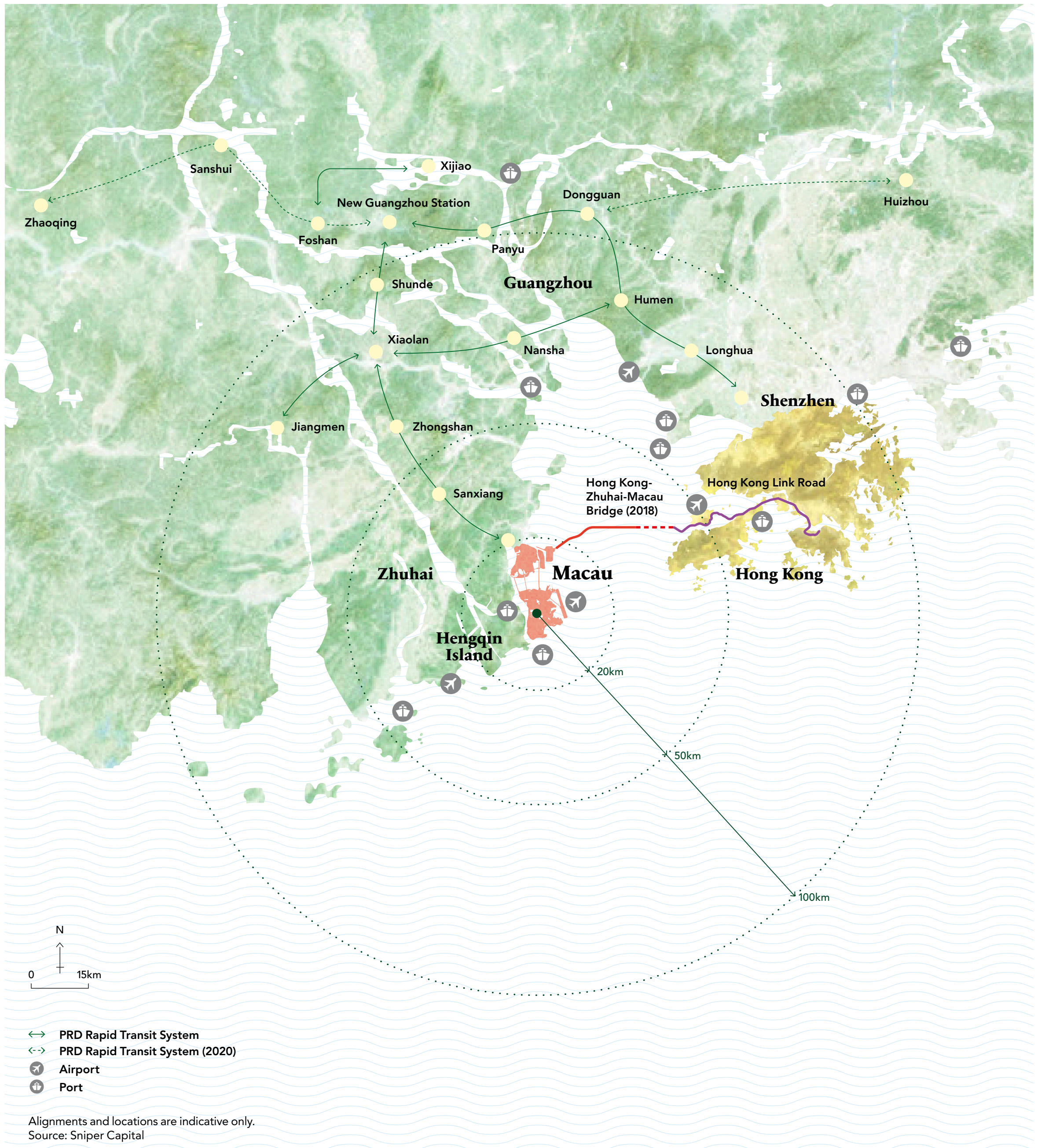
MPO entered its 10th year of operation this year and its next continuation vote is due at the end of 2016. The Board is clear about its commitment to delivering shareholder value through the Company's proven process of acquisition, enhancement and realisation of property opportunities in Macau. The Board is assessing future strategy in light of current conditions in Macau and will be making recommendations later in the year that it believes will be in the best interests of all our shareholders.

In Appreciation

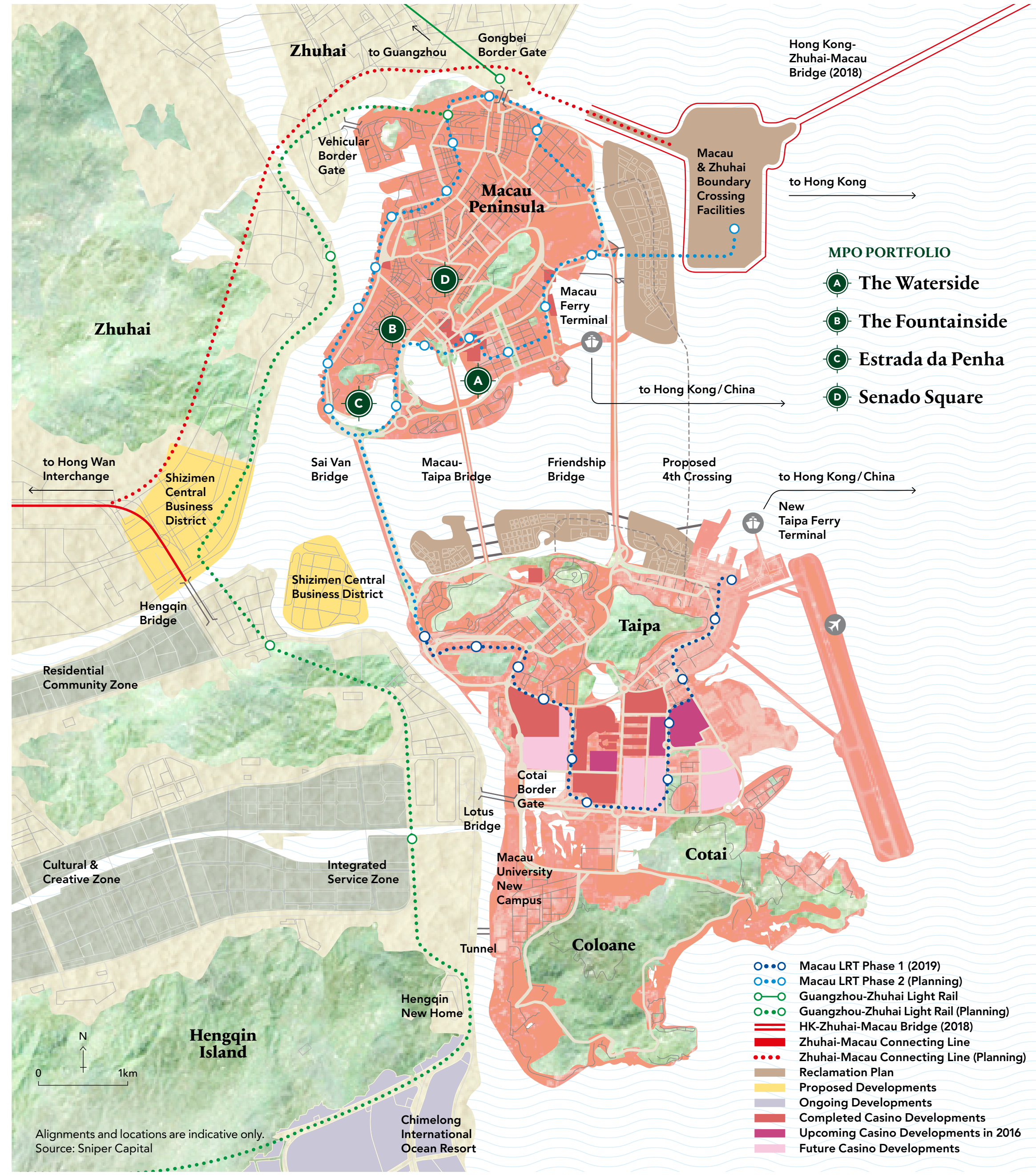
Finally, I would like to thank MPO's former Chairman, David Hinde, who stepped down in November 2015 after almost a decade of service. His dedication and invaluable contribution to the Board and to MPO helped create a Company that has achieved substantial growth in the past nine years. I join with the rest of the Board and the executive management in wishing him the very best in the future.

Chris Russell
Chairman
Macau Property Opportunities Fund Limited
26 February 2016

Regional Geography
Pearl River Delta Region



Regional Geography
Macau & Surrounds

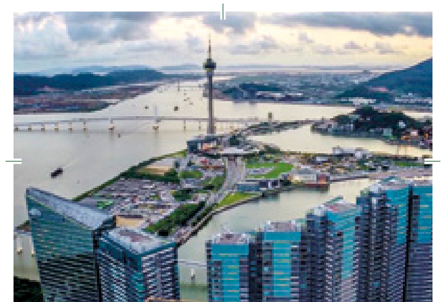


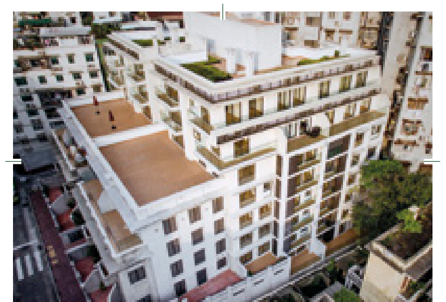
Portfolio Overview
Summary

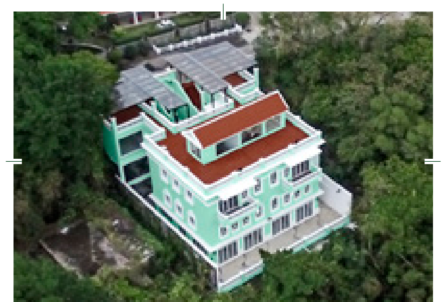
AS AT 31 DECEMBER 2015

Property	Sector	Type	Current Status	No. of Units	Commitment US$ million	Gross Floor Area Square feet	Acquisition Cost US$ million	Project Dev. Cost US$ million	Uplift Based on market value: Over the period	Uplift Based on market value: Since acquisition	Composition Based on market value	Market Valuation US$ million
The Waterside Tower Six of One Central Residences*	Luxury residential	Investment	Leasing and asset management	59	99	148,000	88	11	-14.5%	137%	51.4%	**208.4**
One Central Residences Individual units	Luxury residential	Investment	Hold	4	10	9,400	10	N.A.	-14.5%	32%	3.2%	**13.0**
The Fountainside	Low-density residential	Redevelopment	Final sales phase	42	23	72,000	4	16	-5.8%	1072%	12.1%	**48.9**
Estrada da Penha	Luxury private home	Investment	Sales phase	N.A.	28	c.12,000	27	1	-7.6%	51%	10.1%	**40.9**
Senado Square	Prime retail	Redevelopment	Advanced planning	N.A.	37	65,000	16	c.21	-12.1%	484%	23.2%	**94.1**
Smaller Property	Residential	Investment	Hold	N.A.	N.A.	700	0.4	N.A.	N.A.	N.A.	N.A.	**0.4**
					Total 197	Total c.307,100	Total 145.4	Total c.49	Total -12.3%	Total 179%	Total 100%	Total 405.7

* One Central is a trademark registered in Macau SAR under the name of Basecity Investments Limited. Sniper Capital Limited, Macau Property Opportunities Fund Limited, MPOF Macau (Site 5) Limited, Bela Vista Property Services Limited and "*The Waterside*" are not associated with Basecity Investments Limited, Shun Tak Holdings Limited or Hongkong Land Holdings Limited.


The Waterside / One Central Residences


The Fountainside


Estrada da Penha


Senado Square

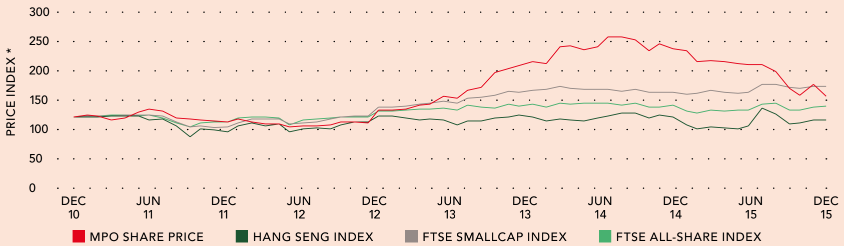
Manager's Report
Financial Overview

HIGHLIGHTS

	31 Dec 2015	30 Jun 2015
NAV (IFRS) (US$ million)	115.5	155.4
NAV per share (IFRS) (US$)	1.51	2.00
Adjusted NAV (US$ million)	245.5	308.0
Adjusted NAV per share (US$)	3.21	3.97
Adjusted NAV per share (pence)*	218	253
Share price (pence)	157	209
Share price discount to Adjusted NAV per share (%)	28	17
Portfolio valuation (US$ million)	405.7	463.7
Loan-to-value ratio (%)	39	34

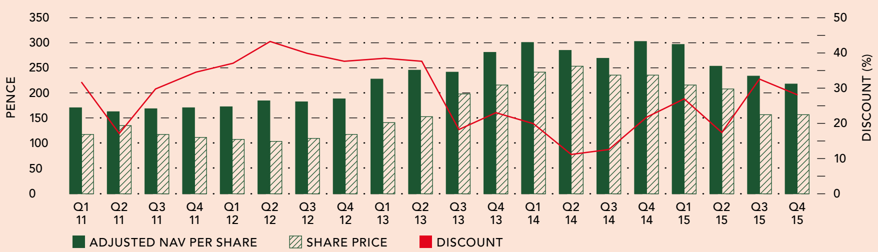
* Based on the following Dollar/Sterling exchange rates: 1.473 at 31 December 2015 and 1.573 at 30 June 2015.

MPO Share Price vs. Hang Seng, FTSE SmallCap & FTSE All-Share Indices



* Rebased to MPO share price.
Source: Bloomberg/Sniper Capital

Share Price Discount to Adjusted NAV



FINANCIAL OVERVIEW

Interim Financial Results

Overall negative sentiment resulting from the lacklustre performance of Macau's economy and its gaming industry has weakened the Macau property market, and consequently the financial performance of MPO's portfolio.

As at 31 December 2015, MPO's portfolio was valued at US$405.7 million – a decline of 12.3% from the valuation at 30 June 2015. Adjusted NAV at period end was US$245.5 million, which translates to US$3.21 (218 pence) per share.

The period also saw IFRS NAV fall 25.7% to US$115.5 million, or US$1.51 (103 pence) per share.

As at the end of December, MPO's share price had declined 25% to 157 pence and it has since weakened further along with global equity markets.

Capital Management

MPO's total assets amounted to US$299 million, and total liabilities were US$183 million. Bank borrowings amounted to US$165 million, which equates to an overall loan-to-value ratio of 39%, an increase of 5 percentage points from 30 June 2015. Loan-to-value ratios at the asset level are closely monitored to safeguard banking covenant conditions.

We have made considerable efforts to manage the financial requirements of the Company and maintain prudence in capital management. MPO maintained a cash position of US$20.7 million, of which US$3.2 million was pledged as collateral for the Company's debt facilities.

During the period, the Company also took up a five-year term loan of US$36.3 million to refinance the loan facility against its properties at One Central Residences. The new loan structure, which defers the principal repayment of the facility to March 2018, has freed up cash flow for the company to meet short-term requirements and for investment in underlying assets.

Manager's Report
Portfolio Updates

THE WATERSIDE

Commanding unrivalled views of Nam Van Lake and Macau's skyline, *The Waterside* at One Central is a luxurious waterfront residence in Macau.

The development offers 59 units of fully-fitted entry-level luxury apartments, special premium units, as well as state-of-the-art simplex and duplex apartments.

Performance

Macau's slowing economy has presented leasing challenges at *The Waterside* with the occupancy level falling to 41% at the period end from 44% six months earlier. This was mainly a consequence of consolidation among gaming-related businesses – a primary source of tenants in the development.

Average monthly rental values declined by 16.5% from the last reporting period to HK$22.95 (US$2.90) per square foot, translating to a gross rental yield of 2.37% per square foot.

Despite the lacklustre economy, all six expiring leases were successfully renewed at an average monthly rental rate of HK$26.41 (US$3.30) per square foot.

Notably, the occupancy level at *The Waterside* is showing signs of stabilising and rental values have been consistent at HK$25.37 per square foot per month on average for the past six months.

To cement *The Waterside's* position as a premier luxury residence, we continued to enhance the asset during the period to maximise the property's value. At period end, 11 units have undergone enhancement and a further 20 units are expected to complete by mid-2016. Marketing strategies were also executed to increase the appeal of the property so as to improve occupancy levels and attract a more diverse group of tenants.

Other Units at One Central Residences

The Company will continue with its opportunistic disposal strategy for its four apartment units at One Central Residences. These well-positioned units are the last of 25 in which the Company invested, the others having been profitably divested. The units do not constitute part of MPO's cornerstone asset, *The Waterside*.

A newly-enhanced Contemporary Suite at *The Waterside*.

Classic Suite with luxe furnishings.

The Fountainside offers an enchanting blend of historic elegance and modern living.

Contemporary interior exudes a welcoming and comfortable retreat.

THE FOUNTAINSIDE

The Fountainside, a low-density residential development, is situated in Macau's prestigious, heritage-rich Penha Hill district. The original Macanese façade of this freehold development has been conserved and sustainable features, such as an eco-friendly roof to reduce heat transmission, were also introduced.

The development comprises a total of 38 apartments and four villas. It has 47 vehicle parking spaces, landscaped gardens and a gym.

Performance

27 of the 42 units in the development have been sold, generating a total income of HK$202.6 million (US$26.1 million). To date, the Manager has completed the handover for 26 units and is in the midst of handing over the last unit.

The sale of the remaining 15 units is ongoing at an average asking price of HK$12,580 (US$1,613) per square foot. Sales activity is expected to remain muted, however, until the economic climate improves.

The parking spaces at *The Fountainside* have generated strong interest. To date, eight car lots and one motorcycle lot have been sold for a combined value of HK$21.9 million (US$2.8 million).

ESTRADA DA PENHA

Estrada da Penha, a rare and high-value asset on Penha Hill, offers impressive views of the South China Sea and fast-developing Hengqin Island.

This grand, colonial-style villa, located a short drive from the city centre, was built in 1998 and boasts a distinctive, Portuguese-inspired architectural design. Covering more than 12,000 square feet, it comprises three floors and two basements, private patios and a sheltered car porch for four cars.

Enhancement works have been carried out to combine and reposition the site's original two luxury residential properties into a single magnificent residence.

With fewer than 50 detached houses in the whole of Macau, *Estrada da Penha*, with its enviable location, is a rare property. As part of the Company's investment strategy, we will retain the asset and divest it at the optimum time to maximise exit value.

SENADO SQUARE

Senado Square, MPO's retail development, is located in the bustling tourist precinct and UNESCO-listed heritage district of downtown Macau. Designed by renowned architectural consultant, Arquitectonica, the property's postmodern design will prove attractive to international retailers looking to establish a footprint in the city. When completed, the 65,000 square-foot development is expected to yield high values and benefit from increasing demand for modern retail premises in Macau's prime tourist district.

We are still awaiting the issuance of a new Urban Condition Plan – a document that stipulates parameters such as construction area, height and plot ratio – for *Senado Square*.

Close consultations have been carried out with relevant government authorities in the hope of expediting approvals in order for the Company to progress with the development of the property. Despite the challenges encountered, we remain committed to securing all approvals for this unique project and are following up closely with the government to ensure a positive outcome.

Estrada da Penha, an ultra-prime villa that is in a class of its own.

Senado Square occupies a prominent location in the UNESCO-listed heritage district of Macau.

Manager's Report
Macroeconomic Outlook

2015 FULL YEAR HIGHLIGHTS

GDP (estimates)
-16%

Gaming Revenues
US$29 billion

Visitor Expenditure (per capita spending)
US$208

Non-resident Workers
181,646

Unemployment
1.8%

Hotel Rooms
32,200

Total Visitor Arrivals
30.7 million

Top 3 Regions

China: 20.4 million

Hong Kong: 6.5 million

Taiwan: 1 million

HIGHLIGHTS

10%

2016

Gaming

Gaming revenue for 2016 is forecasted to **decline 10% year-on-year**.

Infrastructure

In 2015, Macau International Airport attracted **9 new airlines offering 8 new routes to the territory**. New routes include: Haikou and Wanzhou of China, Ho Chi Minh City and Haiphong of Vietnam, Phnom Penh of Cambodia, Maldives, Palau and Pattaya of Thailand.

2015

2016

New Taipa Ferry Terminal will be operational by mid-2016.

2018

Hong Kong-Zhuhai-Macau bridge will complete by 2018.

2019

Full steam ahead for **Light Rapid Transit project**. Taipa section of the system is expected to be operational in 2019.

MACROECONOMIC OUTLOOK

Macau, which relies on gaming for nearly two-thirds of its economic output, has been in a slowdown since 2014. Gaming revenues have continued to fall as a result of the weaker economy in China, the ongoing anti-corruption crackdown by the Chinese government and tighter banking regulations.

The city is poised for a gradual recovery once those drag-factors have run their course and efforts to make the city less reliant on VIP gaming and more focused on mass gamers and tourists gain traction.

Gaming – A Much Needed Adjustment

Macau is undergoing an adjustment phase, attempting to achieve greater diversity by focusing on the mass-market gaming segment and offering more non-gaming facilities to attract a more sophisticated visitor profile.

90%
Non-gaming facilities for new casinos at Cotai Strip.

↓23%
Licensed junket operators as at January 2016.

However, ongoing pressure on the VIP gaming segment was only partly offset by relative growth in the more profitable mass gaming segment.

The latest statistics from Macau's Gaming Inspection and Coordination Bureau reveal that there were 141 licensed junket operators as at January 2016, down from 183 a year earlier. Despite a reduction in the number of licences issued, the consolidation has been deemed beneficial, as the industry is increasingly home to more reputable junket operators with stronger balance sheets to face future headwinds.

New Casino Developments – An Air of Caution

The new casino resorts along the Cotai Strip are unlikely to have an immediate positive impact on the gaming industry. Nomura expects those projects to generate returns of approximately 15% only in their third year of operations.

Meanwhile, the government is expected to release its mid-term casino review report in early 2016. This report, which evaluates gaming operators' contributions to the economy and their compliance with social responsibility requirements, will become a reference for formulating policy for the gaming industry in the years ahead and will underpin the extension of gaming concessions for operators come 2020.

15%
Estimated returns only in the third year of operations for new casinos.

↓8%
Macau's dip in market share for VIP players between 2011–2015.

New Policies – Towards a Better Regulated Gaming Industry

Under a new measure introduced as part of China's anti-graft campaign, all point-of-sale devices must now be registered and validated by China UnionPay to prevent any illicit concealment of cash transactions.

A full smoking ban in casinos is likely to come into effect in 2016. KPMG has said that, when implemented, the city's gross domestic product could shrink by as much as 16%.

Although these policies may deal a short-term blow to the already weakened gaming industry, in the long run, they will help to rebrand and reposition Macau as a world-class tourism hub.

Regional Competition and Diversification – Minimum Impact Until 2019

Macau is facing tougher competition, with destinations such as Malaysia, the Philippines, Singapore and South Korea jostling for a share of the high-roller market. Junket operators are more inclined to promote other destinations as Macau imposes heavier taxes on gross gaming revenues. UBS estimates that the city's share of the market for regional VIP players fell from approximately 84% in 2011 to 76% in 2015. It expects Macau's market share to dip further to approximately 66% by 2019.

However, the development of non-gaming attractions on Hengqin Island is likely to attract a more diversified group of visitors and is likely to boost Macau's visitor arrivals, given their close proximity and ease of access.

Infrastructure – Increase Connectivity

Macau's government is planning to reconstruct the runway at Macau International Airport to accommodate more international flights from across the region. The upgraded runway, currently in the planning stage, will be able to handle 100,000 aircraft movements per year once completed. In addition, the passenger terminal will be renovated to provide capacity for 7.8 million passengers a year, up from the current 6 million.

100,000
Aircraft movements per year after the upgrading of runway.

↑30%
Passenger capacity after renovation of airport.

Risks and Uncertainties

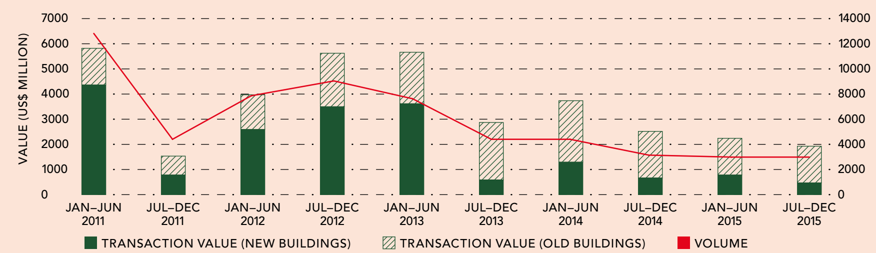
The performance of Macau's gaming industry is very much dependent on policies and regulations implemented by the government. Certain likely policies, coupled with the rising labour costs and the possible further depreciation of the Chinese yuan, will weigh on operators' margins as they grapple with the economic downturn.

The current US Fed funds rate is at 0.25% to 0.5%. Despite a weakened global economy and steep slide in stock markets, it is expected that the US Central Bank will maintain their stand to raise rates but at a gradual pace. When this happens, it may exacerbate liquidity pressures and prompt Macau to raise its lending rate in tandem with Hong Kong, whose currency is pegged to the US dollar. This could also lead to a lower exchange rate between the Chinese yuan and Macau's pataca, which would have a significant impact on mass-market consumer expenditure and imports, as Chinese mainlanders make up a significant portion of this category of consumer.

Lastly, a tight labour market is another factor to consider. With the addition of another 20,000 hotel rooms in the next few years, Macau will need to increase its labour force and improve the quality of service personnel in order to secure its position as a world-class tourism hub.

HIGHLIGHTS

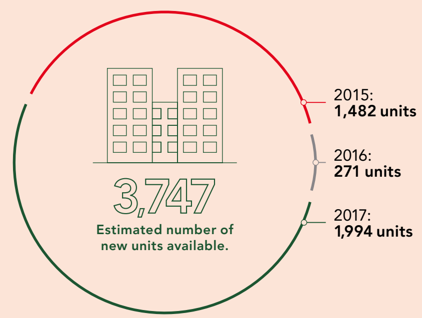
Macau Residential Transaction Value & Volume
(Over a 6-month period)



Source: DSEC

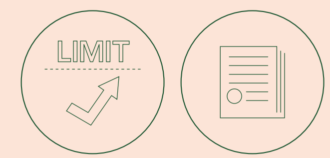
Mid- to High-end Residential Units

(As at end-December 2015)



Source: Savills / Sniper Capital

Real Estate Related Policies



Proposal to put a **cap on rents** based on inflation rate and market sentiment.

Land parcels **without a valid title deed** will be recovered after 25 years.

PROPERTY MARKET OVERVIEW

Following the downturn in the gaming industry, Macau's property market has succumbed to economic pressure, with home prices and rental rates softening.

As at 31 December 2015, average home prices had dipped 18.5% year-on-year to MOP7,300 (US$910) per square foot. A similar trend was also seen for the secondary market, where a slightly larger percentage decline was registered in the second half of 2015.

Average home prices ↓18.5% year-on-year.

On the rental front, a typical one-bedroom luxury apartment now achieves approximately MOP16,000 (US$2,000) per month, down 27% from MOP22,000 (US$2,750) during the market peak in early 2014.

↓27% Rental pricing for one-bedroom luxury apartment.

In terms of transaction volume, Macau registered approximately 5,900 residential sales in 2015, a low not seen since 1988. This was largely due to the economic performance of the territory, where the contraction has made potential buyers hold back on their purchase decision. With the drop in property prices, sellers have since become more pragmatic in their asking prices, but buyers are waiting out this period and seeking further discounts.

Government Policies Impede Property Market Recovery

A recently proposed bill suggesting a property rental cap based on Macau's consumer price index and prevailing property market sentiment could potentially reduce the supply of rental housing in Macau. The proposed bill also suggested that landlords would be allowed to terminate leases only after two years. The new measure is supported by the territory's Chief Executive and would also apply to commercial properties to help small and medium-sized enterprises cope with surging rents.

Another policy pertaining to the expiry of leasehold concessions mandates that land parcels without title deeds will be recovered and deemed invalid once they reach 25 years. This policy could potentially reduce the future supply of housing and create uncertainty around several projects that are still under development. Buyers who have bought off-plan could be left stranded as a result.

The Company could benefit from the land concession policy, as the property market faces declining supply, and doubts surrounding the status of some projects may prompt buyers to shift their focus to completed developments on the market.

Conclusion

Looking ahead, we expect home prices and rental rates to stabilise in tandem with gaming revenues.

Gross gaming revenues for December 2015 declined 21.2% year-on-year, which was the smallest monthly fall since January 2015, and we are encouraged by the slowing rate of decline.

Demand for property is likely to be supported by the cash-rich domestic market, especially by middle-income buyers, for mass market projects in well-established locations and near amenities.

Directors’ Statement of Responsibilities

Directors’ Statement of Responsibilities

The Directors are responsible for preparing this half-yearly financial report in accordance with applicable law and regulations.

The Directors confirm to the best of their knowledge:

- the interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union; and

- the Chairman’s Message and Manager’s Report meet the requirements of an interim management report, and include a fair review of the information required by:

  a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 6 months of the financial year and their impact on the interim condensed consolidated financial statements; and a description of the principal risks and uncertainties for the year to date and the remaining 6 months of the year; and

  b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so (see Note 11).

On behalf of the Board

Chris Russell
Chairman
26 February 2016

Independent Review Report to Macau Property Opportunities Fund Limited

Introduction

We have been engaged by Macau Property Opportunities Fund Limited to review the interim condensed consolidated financial statements in the interim financial report for the 6 months ended 31 December 2015, which comprise the Interim Condensed Consolidated Statement of Financial Position, the Interim Condensed Consolidated Statement of Comprehensive Income, the Interim Condensed Consolidated Statement of Changes in Equity, the Interim Condensed Consolidated Statement of Cash Flows and the related notes 1 to 15. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors’ Responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

The interim condensed consolidated financial statements included in this interim financial report have been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company, a conclusion on the condensed interim consolidated financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland), “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements in the interim report for the 6 months ended 31 December 2015 are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Ernst & Young LLP
Guernsey, Channel Islands
26 February 2016

Notes:

1. The maintenance and integrity of the Macau Property Opportunities Fund Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the website.

2. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Interim Condensed Consolidated Statement of Financial Position (Unaudited)

As at 31 December 2015

	Note	Unaudited 31 Dec 2015 US$'000	Unaudited 31 Dec 2014 US$'000	Audited 30 June 2015 US$'000
ASSETS				
Non-current assets				
Investment property	3	**208,383**	293,923	243,810
Deposits with lenders	4	**2,958**	5,796	1,941
Financial assets at fair value through profit or loss – interest rate swap	6	**120**	398	174
Trade and other receivables		**111**	111	111
		211,572	300,228	246,036
Current assets				
Inventories	5	**67,346**	78,348	67,288
Trade and other receivables		**2,259**	910	4,086
Deposits with lenders	4	**232**	-	709
Cash and cash equivalents		**17,512**	4,593	28,749
		87,349	83,851	100,832
Total assets		**298,921**	384,079	346,868
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital		**764**	785	775
Retained earnings		**47,404**	120,227	84,375
Distributable reserves		**66,208**	72,266	69,213
Foreign currency translation reserve		**1,137**	992	1,084
Total equity		**115,513**	194,270	155,447
LIABILITIES				
Non-current liabilities				
Taxation provision	13	**16,827**	25,641	22,309
Interest-bearing loans	7	**163,273**	124,714	147,576
		180,100	150,355	169,885
Current liabilities				
Trade and other payables		**1,352**	3,724	1,773
Deferred income/deposit on property pre-sales		**-**	6,349	-
Interest-bearing loans	7	**1,768**	27,263	19,194
Provision	14	**-**	1,343	-
Financial liabilities at fair value through profit or loss – interest rate swap	6	**188**	775	569
		3,308	39,454	21,536
Total liabilities		**183,408**	189,809	191,421
Total equity and liabilities		**298,921**	384,079	346,868
Net Asset Value per share (US$)	9	**1.51**	2.48	2.00
Adjusted Net Asset Value per share (US$)	9	**3.21**	4.71	3.97

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 26 February 2016.

The notes on pages 36 to 47 form part of these interim condensed consolidated financial statements.

Macau Property Opportunities Fund Limited

Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the 6-month period from 1 July 2015 to 31 December 2015

	Note	Unaudited 6 months 1 Jul 15 – 31 Dec 2015 US$'000	Unaudited 6 months 1 Jul 14 – 31 Dec 2014 US$'000	Audited 12 months 1 Jul 14 – 30 Jun 2015 US$'000
Income				
Income on sale of inventories	5	**1,045**	-	27,906
Rental income		**1,104**	2,453	4,311
Net loss from fair value adjustment on investment property	3	**(35,923)**	(12,579)	(62,048)
Other Income		**4**	-	11
		(33,770)	(10,126)	(29,820)
Expenses				
Cost of sales of inventories	5	**254**	-	11,004
Management fee	11	**3,108**	4,195	8,117
Performance fee	11	**-**	-	-
Non-Executive Directors' fees	11	**106**	118	231
Auditors' remuneration: audit fees		**66**	32	99
Auditors' remuneration: non-audit fees		**25**	27	23
Property operating expenses		**512**	492	1,687
Sales and marketing expenses		**43**	98	202
General and administration expenses		**544**	825	1,490
Loss on foreign currency translation		**72**	109	194
		(4,730)	(5,896)	(23,047)
Operating loss for the period/year		**(38,500)**	(16,022)	(52,867)
Finance income and expenses				
Net gain on valuation of interest rate swap	6	**327**	283	265
Bank loan interest	7	**(2,374)**	(1,679)	(3,901)
Interest expense on interest rate swap	6	**(393)**	(523)	(1,035)
Other financing costs		**(187)**	(244)	(506)
Bank and other interest		**-**	1	2
		(2,627)	(2,162)	(5,175)
Loss for the period/year before tax		**(41,127)**	(18,184)	(58,042)
Taxation		**4,156**	1,509	5,515
Loss for the period/year after tax		**(36,971)**	(16,675)	(52,527)
Items that may be reclassified subsequently to profit or loss				
Exchange difference on translating foreign operations		**53**	(97)	(5)
Total comprehensive loss for the period/year		**(36,918)**	(16,772)	(52,532)
Loss attributable to:				
Equity holders of the Company		**(36,971)**	(16,675)	(52,527)
Total comprehensive loss attributable to:				
Equity holders of the Company		**(36,918)**	(16,772)	(52,532)

	Note	Unaudited 6 months 1 Jul 15 – 31 Dec 15 US$	Unaudited 6 months 1 Jul 14 – 31 Dec 14 US$	Audited 12 months 1 Jul 14 – 30 Jun 15 US$
Basic and diluted loss per Ordinary Share attributable to the equity holders of the Company during the period/year	8	**(0.4818)**	(0.2096)	(0.6661)

All items in the above statement are derived from continuing operations.

The notes on pages 36 to 47 form part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

Movement for the 6-month period from 1 July 2015 to 31 December 2015 (unaudited)

	Note	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance brought forward at 1 July 2015		775	84,375	69,213	1,084	155,447
Loss for the period		-	(36,971)	-	-	(36,971)
Items that may be reclassified subsequently to profit or loss						
Exchange difference on translating foreign operations		-	-	-	53	53
Total comprehensive loss for the period		-	(36,971)	-	53	(36,918)
Share buyback	12	(11)	-	(3,005)	-	(3,016)
Balance carried forward at 31 December 2015		764	47,404	66,208	1,137	115,513

Movement for the 6-month period from 1 July 2014 to 31 December 2014 (unaudited)

	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance brought forward at 1 July 2014	814	136,902	84,049	1,089	222,854
Loss for the period	-	(16,675)	-	-	(16,675)
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translating foreign operations	-	-	-	(97)	(97)
Total comprehensive loss for the period	-	(16,675)	-	(97)	(16,772)
Share buyback	(29)	-	(11,783)	-	(11,812)
Balance carried forward at 31 December 2014	785	120,227	72,266	992	194,270

Movement for the year from 1 July 2014 to 30 June 2015 (audited)

	Share capital US$'000	Retained earnings US$'000	Distributable reserves US$'000	Foreign currency translation reserve US$'000	Total US$'000
Balance brought forward at 1 July 2014	814	136,902	84,049	1,089	222,854
Loss for the year	-	(52,527)	-	-	(52,527)
Items that may be reclassified subsequently to profit or loss					
Exchange difference on translating foreign operations	-	-	-	(5)	(5)
Total comprehensive loss for the year	-	(52,527)	-	(5)	(52,532)
Share buyback	(39)	-	(14,836)	-	(14,875)
Balance carried forward at 30 June 2015	775	84,375	69,213	1,084	155,447

The notes on pages 36 to 47 form part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

For the 6-month period from 1 July 2015 to 31 December 2015

	Note	Unaudited 6 months 1 Jul 15 – 31 Dec 15 US$'000	Unaudited 6 months 1 Jul 14 – 31 Dec 14 US$'000	Audited 12 months 1 Jul 14 – 30 Jun 15 US$'000
Net cash used in operating activities	10	(2,085)	(51,070)	(38,497)
Cash flows from investing activities				
Capital expenditure on investment properties	3	(444)	(70)	(103)
Proceeds from disposal of investment property		-	6,452	6,452
Movement in pledged bank balances		(540)	(3,140)	6
Net cash (used in)/generated from investing activities		(984)	3,242	6,355
Cash flows from financing activities				
Proceeds from bank borrowings		36,302	23,025	51,441
Repayment of bank borrowings		(38,070)	-	(13,622)
Share buyback		(3,016)	(11,812)	(14,875)
Interest and bank charges paid		(3,347)	(2,477)	(5,654)
Net cash (used in)/generated from financing activities		(8,131)	8,736	17,290
Net movement in cash and cash equivalents		(11,200)	(39,092)	(14,852)
Cash and cash equivalents at beginning of period/year		28,749	43,528	43,528
Effect of foreign exchange rate changes		(37)	157	73
Cash and cash equivalents at end of period/year		17,512	4,593	28,749

The notes on pages 36 to 47 form part of these interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

For the 6-month period from 1 July 2015 to 31 December 2015

General information

Macau Property Opportunities Fund Limited (the "Company") is a Company incorporated and registered in Guernsey under The Companies (Guernsey) Law, 1994. This law was replaced by the Companies (Guernsey) Law, 2008 on 1 July 2008. The Company is an authorised entity under the Authorised Closed-Ended Investment Schemes Rules 2008 and is regulated by the Guernsey Financial Services Commission. The address of the registered office is given on page 48.

The interim condensed consolidated financial statements for the 6 months ended 31 December 2015 comprise the interim financial statements of the Company and its subsidiaries (together referred to as the "Group"). The Group invests in residential and commercial property and property-related ventures primarily in Macau.

There have been no changes to the Group's principal risks and uncertainties in the 6-month period to 31 December 2015 and the Board of Directors does not anticipate any changes to the principal risks and uncertainties in the second half of the year. Principal risks and uncertainties are further discussed in the Manager's Report on page 26.

The interim condensed consolidated financial statements are presented in US Dollars ("US$") and are rounded to the nearest thousand ($'000).

These interim condensed consolidated financial statements have been approved for issue by the Board of Directors on 26 February 2016.

1. Significant accounting policies

Basis of accounting

The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union; applicable legal and regulatory requirements of Guernsey Law and under the historical cost convention as modified by the revaluation of investment properties and derivative financial instruments.

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements. The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of 30 June 2015. The interim report has been reviewed, not audited, by the Auditor.

New and amended standards and interpretations applied

The following amendments to existing standards and interpretations were effective for the year ended 30 June 2016 and therefore were applied in the current interim period, but either they were not applicable to or did not have a material impact on the group:

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

Going concern

The Group continues to meet its capital requirements and day-to-day liquidity needs through the Group's cash resources. As part of their assessment of the going concern of the Group as at 31 December 2015, the Directors have reviewed the comprehensive cash flow forecasts prepared by management which make assumptions based upon current and expected future market conditions, including predicted future sales of properties. It is the Directors' belief that, based upon these forecasts and their assessment of the Group's committed banking facilities, it is appropriate to prepare the financial statements of the Group on a going concern basis.

The Directors, after passing the continuation resolution in 2014 to extend the Fund's life until the end of 2016, assessed whether the continuation vote before the end of 2016 gives rise to a material uncertainty that might cast significant doubt about the Fund's ability to continue as a going concern. The Directors have also considered the going concern assumption outside the primary going concern horizon. The Directors expect to receive continuation support from major shareholders and only 25% of shareholder support is required to ensure continuation; and it is likely that returns from the sales of properties would be lower if the Fund was forced to sell as a result of discontinuation

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

For the 6-month period from 1 July 2015 to 31 December 2015

1. Significant accounting policies (continued)

and it is therefore commercially sensible for the Fund to continue in business. Therefore, the Directors believe it is appropriate to prepare the financial statements of the Group on the going concern basis based upon existing cash resources, the forecasts described above, the extension of the life of the Company until the end of 2016 agreed at the Extraordinary General Meeting on 7 April 2014 and the Directors' assessment of the Group's committed banking facilities and expected continuing compliance with related covenants.

Seasonal and cyclical variations

The Group does not operate in an industry where significant or cyclical variations as a result of seasonal activity are experienced during the financial year.

2. Segment reporting

The chief operating decision maker (the "CODM") in relation to Macau Property Opportunities Fund Limited is deemed to be the Board itself. The factors used to identify the Group's reportable segments are centred on asset class, differences in geographical area and differences in regulatory environment. Further, foreign exchange and political risk is identified, as these also determine where resources are allocated.

Based on the above and a review of information provided to the Board, it has been concluded that the Group is currently organised into one reportable segment based on the geographical sector, Macau.

This segment includes residential, commercial and mixed-use properties. Furthermore, there are multiple individual properties that are held within each property type. However, the CODM considers on a regular basis the operating results and resource allocation of the aggregated position of all property types as a whole, as part of their on-going performance review. This is supported by a further breakdown of individual property groups only to help support their review and investment appraisal objectives.

3. Investment property

	Unaudited 1 Jul 15 – 31 Dec 15 US$'000	Unaudited 1 Jul 14 – 31 Dec 14 US$'000	Audited 1 Jul 14 – 30 Jun 15 US$'000
At beginning of the period/year	**243,810**	306,575	306,575
Capital expenditure on property*	**444**	70	(631)
Fair value adjustment	**(35,923)**	(12,579)	(62,048)
Exchange difference	**52**	(143)	(86)
Balance at end of the period/year	**208,383**	293,923	243,810

* Stamp duty expenditure relating to the purchase of *The Waterside* had been capitalised in the year ended 30 June 2014. During the year ended 30 June 2015, the stamp duty was settled at an amount equal to US$734,000, less than estimated initially. This amount has been removed from the asset cost at 30 June 2015.

Valuation gains and losses from investment property are recognised in profit and loss for the period and are attributable to changes in unrealised gains or losses relating to investment property (completed and under construction) held at the end of the reporting period.

The valuation process is initiated by the Investment Adviser who appoints a suitably qualified valuer to conduct the valuation of the investment property. The results are overseen by the Investment Adviser. Once satisfied with the valuations based on their expectations, the Investment Adviser reports the results to the Board. The Board reviews the latest valuations based on its knowledge of the property market and compare these to previous valuations.

3. Investment property (continued)

The Group's investment properties were revalued at 31 December 2015 by independent, professionally-qualified valuers: Savills (Macau) Limited. The valuation has been carried out in accordance with the current Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards to calculate the market value of the investment properties in their existing state and physical condition, with the assumptions that:

- The owner sells the property in the open market without any arrangement which could serve to affect the value of the property.
- The property is held for investment purposes.
- The property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

The fair value of investment property is determined by Savills (Macau) Limited using recognised valuation techniques. The technique deployed was the income capitalisation method. The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the reporting date.

See Note 13 in relation to deferred tax liabilities on investment property.

Capital expenditure in the period relates to the fit-out costs for *The Waterside*.

Rental income arising from *The Waterside* of US$1,104,000 (6 months ended 31 December 2014: US$2,453,000, 12 months ended 30 June 2015: US$4,311,000) was received during the period. Direct operating expenses of US$251,000 (6 months ended 31 December 2014: US$314,000, 12 months ended 30 June 2015: US$1,400,000) arising from *The Waterside* that generated rental income were incurred during the 6-month period. Direct operating expenses during the period arising from vacant units totalled US$171,000 (6 months ended 31 December 2014: US$46,000, 12 months ended 30 June 2015: US$159,000).

The table below shows the assumptions used in valuing the investment properties which are classified as Level 3 in the fair value hierarchy:

	Property information	Carrying amount / fair value as at 31 December 2015: US$'000	Valuation technique	Input	Unobservable and observable inputs used in determination of fair values	Other key information
Name	*The Waterside*	208,383	Term and Reversion Analysis	Term rent (existing tenancies)	HK$25.1 psf	Age of building
Type	Completed apartments			Term rent (new tenancies) (inclusive of management fee and furniture)	HK$15.9 psf	Remaining useful life of building
Location	One Central Tower 6 Macau			Term yield (existing tenancies)	2.4%	
				Term yield (new tenancies)	1.6%	
				Reversionary rent (exclusive of management fee and furniture)	HK$20.1 psf	
				Reversionary yield	2.10%	

3. Investment property (continued)

The fair value of *The Waterside* is determined using the income approach, more specifically a term and reversion analysis, where a property's fair value is estimated based on the rent receivable and normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. The difference between gross and net rental income includes the same expense categories as those for the discounted cash flow method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, over and under-rent situations are separately capitalised (discounted).

If the estimated reversionary rent increased/decreased by 5%, (and all other assumptions remained the same) the fair value of *The Waterside* would increase by US$10 million (6 months ended 31 December 2014: US$15 million, 12 months ended 30 June 2015: US$12 million) or decrease by US$10 million (6 months ended 31 December 2014: US$15 million, 12 months ended 30 June 2015: US$12 million).

If the term and reversionary yields or discount rates increased/decreased by 5%, (and all other assumptions remained the same) the fair value of *The Waterside* would decrease by US$10 million (6 months ended 31 December 2014: US$14 million, 12 months ended 30 June 2015: US$12 million) or increase by US$11 million (6 months ended 31 December 2014: US$15 million, 12 months ended 30 June 2015: US$13 million).

The same valuation method was deployed in June 2015 and December 2015.

The Waterside is currently valued at its highest and best use. There is no extra evidence available to suggest that it has an alternative use that would provide a greater fair value measurement.

There have been no transfers between levels during the period or a change in valuation technique since the last period.

4. Deposits with lenders

Pledged bank balances represents deposits pledged to the Group's bankers to secure the banking facilities and interest rate swaps granted to the Group. Deposits amounting to US$3.0 million (31 December 2014: US$5.8 million, 30 June 2015: US$1.9 million) have been pledged to secure long-term banking facilities and are, therefore, classified as non-current assets. There are no other significant terms and conditions associated with these pledged bank balances.

	Unaudited 31 Dec 15 US$'000	Unaudited 31 Dec 14 US$'000	Audited 30 Jun 15 US$'000
Pledged for loan covenants	**2,958**	4,700	1,941
Pledged for interest rate swaps	**232**	1,096	709
	3,190	5,796	2,650

5. Inventories

	Unaudited 1 Jul 15 – 31 Dec 15 US$'000	Unaudited 1 Jul 14 – 31 Dec 14 US$'000	Audited 1 Jul 14 – 30 Jun 15 US$'000
Cost			
Balance brought forward	**67,288**	54,351	54,351
Additions	**296**	24,023	23,955
Disposals	**(254)**	-	(11,004)
Exchange difference	**16**	(26)	(14)
Balance carried forward	**67,346**	78,348	67,288

Additions include capital expenditure, development costs and capitalisation of financing costs. Interest costs of US$nil (6 months ended 31 December 2014: US$193,000, 12 months ended 30 June 2015: US$225,000) relating to *The Fountainside* loan facility were capitalised during the period.

Under IFRS, inventories are valued at the lower of cost and net realisable value. The carrying amounts for inventories as at 31 December 2015 amount to US$67,346,000 (6 months ended 31 December 2014: US$78,348,000, 12 months ended 30 June 2015: US$67,288,000). Net realisable value as at 31 December 2015 as determined by independent, professionally-qualified valuer, Savills (Macau) Limited, was US$195,343,000 (6 months ended 31 December 2014: US$251,102,000, 12 months ended 30 June 2015: US$217,655,000).

3 car parking spaces and 1 motorcycle parking space of *The Fountainside* were sold during the period for a total consideration of US$1.0 million (HK$8.1 million) against a total cost of US$0.2 million (HK$2.0 million) which resulted in a net profit of US$0.8 million (HK$6.1 million) after all associated fees and transaction costs. These disposals were completed on various dates during the current period.

6. Interest rate swaps

During the period the Group paid net interest to the banks of US$393,000 (6 months to 31 December 2014: US$523,000, 12 months to 30 June 2015: US$1,035,000) as shown in financing expenses on the consolidated statement of comprehensive income.

The swaps are treated as financial liabilities at fair value through profit or loss with a net period end value of US$68,000 (31 December 2014: US$377,000, 30 June 2015: US$395,000). For the period ended, a fair value gain of US$327,000 (6 months ended 31 December 2014: US$283,000, 12 months ended 30 June 2015: US$265,000) arising from the net interest rate swaps has been recognised in the consolidated statement of comprehensive income.

All swaps held are categorised in level 2 of the fair value hierarchy. There were no transfers between levels 1, 2 and 3 or changes in valuation techniques during the period. The swaps have been valued on the basis of discounting future cash flows at prevailing interest rates.

There are no changes in the counterparty credit risk during the period.

Standard Chartered Bank
The Group has one (31 December 2014: five, 30 June 2015: five) interest rate swap with Standard Chartered Bank to mitigate risks associated with the variability of cash flows arising from interest rate fluctuations.

The notional amount of the interest rate swap is HK$100,000,000 (US$12,903,000) (31 December 2014: HK$500,000,000 (US$64,485,000), 30 June 2015: HK$500,000,000 (US$64,500,000)), being a notional amount of HK$100,000,000 for each swap. The tenor of the swap is five years with the maturity date being 20 May 2016.

Under this swap, the Group would receive quarterly interest at variable rates of 3-month HIBOR and pay quarterly interest at a fixed rate of 2.09% per annum. The Group has placed HK$1,800,000 (US$232,000) (31 December 2014: HK$8,500,000 (US$1,096,000), 30 June 2015: HK$5,500,000 (US$709,500)) with Standard Chartered Bank as a pledged deposit to secure the interest rate swap facilities.

Hang Seng Bank
The Group also has an interest rate swap with Hang Seng Bank to mitigate risks associated with the variability of cash flows arising from interest rate fluctuations.

The notional amount for the interest rate swap is HK$250,000,000 (US$32,257,000) (31 December 2014: HK$250,000,000 (US$32,243,000), 30 June 2015: HK$250,000,000 (US$32,250,000)), the tenor of the swap is five years with a maturity date of 19 March 2018. Under this swap, the Group receives quarterly interest at variable rates of 3-month HIBOR and pays quarterly interest at fixed rate of 1.00% per annum.

7. Interest-bearing loans

	Unaudited 31 Dec 15 US$'000	Unaudited 31 Dec 14 US$'000	Audited 30 Jun 15 US$'000
Bank loans – Secured			
- Current portion	**1,768**	27,263	19,194
- Non-current portion	**163,273**	124,714	147,576
	165,041	151,977	166,770

The Group has a term loan facility with Hang Seng Bank for *The Waterside* and the individual One Central Residences units. On 4 November 2015, a new Tranche of the facility was executed for HK$282 million (US$36.4 million) (Tranche 5) to finance the principal instalments of the previous tranches for up to the end of 2017.

As at 31 December 2015, three Tranches remained outstanding. Tranche 1 had been fully repaid during the period (31 December 2014: HK$79.4 million (US$10.2 million), 30 June 2015: HK$79.4 million (US$10.2 million)); Tranche 3 had an outstanding balance of HK$572 million (US$73.8 million) (31 December 2014: HK$750 million (US$96.7 million), 30 June 2015: HK$750 million (US$96.7 million)); Tranche 4 had an outstanding balance of HK$76 million (US$9.8 million) (31 December 2014: HK$100 million (US$13 million), 30 June 2015: HK$100 million (US$12.9 million)); and Tranche 5 had an outstanding balance of HK$281 million (US$36.3 million) (31 December 2014: HK$nil (US$nil), 30 June 2015: HK$nil (US$nil)). Interest is paid quarterly on this loan facility. As at 31 December 2015, the loan-to-value ratio for the Hang Seng One Central facility was 54.16%.

The interest rates applicable to Tranche 3, Tranche 4 and Tranche 5 of the term loan are 2.25% per annum, 2.35% per annum and 2.35% per annum, respectively, over the 1, 2 or 3-month HIBOR rate. The choice of rate is at the Group's discretion. The term loan matures on 19 September 2020. The principal is to be repaid in half-yearly instalments commencing 19 March 2018 with 50% of the principal due upon maturity. The loan-to-value covenant is 60%. The facility is secured by means of a first registered legal mortgage over *The Waterside* and the individual residential units owned by the Group at One Central Residences as well as a pledge of all income from the units. The Company is the guarantor for the credit facility. In addition, the Group is required to maintain a cash reserve equal to 6 months' interest with the lender. Early prepayment covenant for sales proceeds out of the individual One Central Residence units will be waived, subject to the Group maintaining a loan-to-value ratio of not more than 50% on the facility.

During the year ended 30 June 2015, the Group executed a loan facility with the Industrial and Commercial Bank of China (Macau) Limited to refinance the credit facility with OCBC Wing Hang Limited (Macau) (previously known as Banco Weng Hang S.A.) in relation to *The Fountainside* redevelopment project. The facility amount is HK$220 million (US$28.4 million) with a tenor of 3 years to mature in March 2018. The full amount of the facility was drawdown in March 2015 to repay the OCBC Wing Hang facility. Interest is charged at 3% per annum over the 3-month HIBOR rate. The principal is to be repaid in half-yearly instalments commencing 12 months after drawdown date with 50% of the principal due upon maturity. The loan-to-value covenant is 60%. The facility is secured by means of a first registered legal mortgage over all unsold units and car parking spaces of *The Fountainside* as at the loan facility date as well as a pledge of all income from the units and the car parking spaces. The Company is the guarantor for the credit facility.

As at 31 December 2015, the facility had an outstanding balance of HK$200.7 million (US$25.9 million) (31 December 2014: HK$100 million (US$12.9 million), 30 June 2015: HK$214.4 million (US$27.7 million)). Sales proceeds of US$0.1 million (31 December 2014: US$1.8 million, 30 June 2015: US$0.3million) were pledged with the lender. As at 31 December 2015, the loan-to-value ratio for *The Fountainside* facility was 52.57%.

7. Interest-bearing loans (continued)

The Group has two loan facilities for the purchase and redevelopment of *Estrada da Penha*:

Banco Tai Fung
The loan facility with Banco Tai Fung has a term of 3 years and the facility amount is HK$70 million. Interest is charged at 3.2% per annum over the 6-month HIBOR rate and repayment is due in full at maturity in June 2017. As at 31 December 2015, the facility had an outstanding balance of HK$70 million (US$9.0 million) (31 December 2014: HK$70 million (US$9.0 million), 30 June 2015: HK$70 million (US$9.0 million)). This facility is secured by a first legal mortgage over the property as well as a pledge of all income from the property. Interest is paid monthly on this loan facility. As at 31 December 2015, the loan-to-value ratio for this facility was 48.28%.

ICBC Macau
The loan facility with Industrial and Commercial Bank of China (Macau) Limited was executed on 11 December 2014. The term of the loan is 3 years and the facility amount is HK$79 million. Interest is charged at 3.2% per annum over the 3-month HIBOR rate and repayment is due in full at maturity in December 2017. As at 31 December 2015, the facility had an outstanding balance of HK$79 million (US$10.2 million) (31 December 2014: HK$79 million (US$10.2 million), 30 June 2015: HK$79 million (US$10.2 million)). This facility is secured by a first legal mortgage over the property as well as a pledge of all income from the property. The Group is the guarantor for this term loan. In addition, the Group is required to maintain a cash reserve equal to 6 months' interest with the lender. Interest is paid monthly on this loan facility. As at 31 December 2015, the loan-to-value ratio for this facility was 45.93%.

Bank loan interest paid during the period was US$2,374,000 (6 months period ended 31 December 2014: US$1,872,000, 12 months period ended 30 June 2015: US$4,126,000), including US$nil (31 December 2014: US$193,000, 30 June 2015: US$225,000), capitalised during the period (see Note 5).

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

The estimated fair value of fixed interest bearing loans is based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and maturity. As at 31 December 2015, the fair value of the financial liabilities was US$289,000 lower than the carrying value of the financial liabilities (31 December 2014: US$176,000 higher than the carrying value of the financial liabilities, 30 June 2015: US$57,000 higher than the carrying value of the financial liabilities).

The Group's Interest-bearing loans have been classified within Level 2 as they have observable inputs from similar loans. There have been no transfers between levels during the period or a change in valuation technique since last period.

8. Basic and diluted loss per ordinary share

Basic and diluted loss per equivalent Ordinary Share is based on the following data:

	Unaudited 6 months 1 Jul 15 – 31 Dec 15	Unaudited 6 months 1 Jul 14 – 31 Dec 14	Audited 12 months 1 Jul 14 – 30 Jun 15
Loss for the period/year (US$'000)	**(36,971)**	(16,675)	(52,527)
Weighted average number of Ordinary Shares ('000)	**76,733**	79,571	78,863
Basic and diluted loss per share (US$)	**(0.4818)**	(0.2096)	(0.6661)

9. Net asset value reconciliation

	Unaudited 31 Dec 15 US$'000	Unaudited 31 Dec 14 US$'000	Audited 30 Jun 15 US$'000
Net assets attributable to ordinary shareholders	**115,513**	194,270	155,447
Uplift of inventories held at cost to market value	**129,971**	175,290	152,565
Adjusted Net Asset Value	**245,484**	369,560	308,012
Number of Ordinary Shares Outstanding ('000)	**76,433**	78,484	77,534
NAV per share (IFRS) (US$)	**1.51**	2.48	2.00
Adjusted NAV per share (US$)	**3.21**	4.71	3.97
Adjusted NAV per share (£)*	**2.18**	3.02	2.53

* US$:GBP rates as at relevant period end

The NAV per share is arrived at by dividing the net assets as at the date of the consolidated statement of financial position, by the number of Ordinary Shares in issue at that date.

Under IFRS, inventories are carried at the lower of cost and net realisable value. The Adjusted NAV includes the uplift of inventories to their market values.

The Adjusted NAV per share is arrived at by dividing the Adjusted Net Asset Value as at the date of the consolidated statement of financial position, by the number of Ordinary Shares in issue at that date.

There are no potentially dilutive instruments in issue.

10. Cash flows from operating activities

	Unaudited 6 months 1 Jul 15 – 31 Dec 15 US$'000	Unaudited 6 months 1 Jul 14 – 31 Dec 14 US$'000	Audited 12 months 1 Jul 14 – 30 Jun 15 US$'000
Cash flows from operating activities			
Loss for the period/year before tax	**(41,127)**	(18,184)	(58,042)
Adjustments for:			
Net gain on valuation of interest rate swap	**(327)**	(283)	(265)
Net loss from fair value adjustment on investment property	**35,923**	12,579	62,048
Taxation paid	**(1,319)**	-	-
Net finance costs	**2,950**	2,445	5,440
Operating cash flows before movements in working capital	**(3,900)**	(3,443)	9,181
Effect of foreign exchange rate changes	**53**	(97)	(5)
Movement in receivables	**1,947**	114	(3,028)
Movement in payables	**(143)**	(23,621)	(31,933)
Movement in inventories	**(42)**	(24,023)	(12,712)
Net change in working capital	**1,762**	(47,530)	(47,673)
Net cash used in operating activities	**(2,085)**	(51,070)	(38,497)

Cash and cash equivalents (which are presented as a single class of assets on the face of the interim condensed consolidated statement of financial position) comprise cash at bank and other short-term, highly-liquid investments with a maturity of three months or less.

11. Related party transactions

The directors of the Company are all Non-Executive and by way of remuneration receive only an annual fee.

	Unaudited 6 months 1 Jul 15 – 31 Dec 15 US$'000	Unaudited 6 months 1 Jul 14 – 31 Dec 14 US$'000	Audited 12 months 1 Jul 14 – 30 Jun 15 US$'000
Directors' fees	**106**	118	231

Thomas Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager to the Group and received management fees during the period as detailed in the Interim Condensed Consolidated Statement of Comprehensive Income. Management fees are paid quarterly in advance and amounted to US$3,108,000 (6 months to 31 December 2014: US$4,195,000, 12 months to 30 June 2015: US$8,117,000) at a fee of 2.0% per annum of the Net Asset Value, as adjusted to reflect the Property Investment Valuation Basis. Thomas Ashworth received no Directors' fees from the Group.

Performance fee of US$nil was accrued at period end (6 months to 31 December 2014: US$nil, 12 months to 30 June 2015: US$nil). Performance fee of US$nil was paid during the period (6 months to 31 December 2014: US$23,964,000, 12 months to 30 June 2015: US$23,964,000). No performance fee was accrued in the current period as the previous high watermark had not been surpassed.

11. Related party transactions (continued)

Thomas Ashworth is a shareholder and Director of Adept Capital Partners Services Limited. Adept Capital Partners Services Limited provides administrative services to the Macanese, Hong Kong and British Virgin Islands SPVs and received fees during the period of US$50,000 of which US$nil was outstanding at the period end (6 months to 31 December 2014: US$49,000 of which US$nil was outstanding, 12 months to 30 June 2015: US$99,000 of which US$nil was outstanding).

The Group has a Development Management Services Agreement with a development management company named Headland Developments Limited ("Headland"). Headland is part-owned by Thomas Ashworth and therefore constitutes a related party of the Group. During the period, Development Management Services fees of HK$nil (US$nil) (6 months to 31 December 2014: HK$nil (US$nil), 12 months to 30 June 2015: HK$nil (US$nil)) were capitalised in investment property and HK$20,000 (US$3,000) (6 months to 31 December 2014: HK$807,000 (US$104,000), 12 months to 30 June 2015: HK$875,000 (US$113,000)) were capitalised in inventories. As at 31 December 2015, US$3,000 (6 months to 31 December 2014: US$10,000, 12 months to 30 June 2015: US$nil) was outstanding.

All intercompany loans and related interest are eliminated on consolidation.

12. Ordinary Share repurchases

During the period, under the authority first granted in the Extraordinary General Meeting of 28 June 2010, and renewed at each Annual General Meeting since then, the Company repurchased 1,101,000 Ordinary Shares or 1.05% (1.42% since 1 July 2015) of the originally issued shares, at an average share price of 176.64p. All shares bought back under the buyback programme were cancelled.

The following table summarises all shares repurchased by the Company as at 31 December 2015:

	Number of Shares	Repurchase Price per Share *
Total shares repurchased/average price at beginning of period	27,466,036	163.72
12 August 2015	550,000	184.00
19 August 2015	129,000	171.00
21 August 2015	122,000	171.00
28 August 2015	150,000	170.24
4 September 2015	150,000	165.50
Total shares repurchased/average price during the current period	1,101,000	176.64
Total shares repurchased/Average price at end of period	28,567,036	164.22

* Price in pence sterling

13. Taxation provision

The Group has exposure to People's Republic of China taxation for its previous business operation in the People's Republic of China. The Board considers that the Group's exposure to People's Republic of China tax has been properly reflected in the Group's consolidated financial statements.

Macau Property Opportunities Fund Limited

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (continued)

For the 6-month period from 1 July 2015 to 31 December 2015

13. Taxation provision (continued)

As at period end, the following amounts are the outstanding tax provisions.

	Unaudited 31 Dec 15 US$'000	Unaudited 31 Dec 14 US$'000	Audited 30 Jun 15 US$'000
People's Republic of China tax authorities provision	**1,514**	2,324	2,324
Deferred taxation	**13,078**	23,317	17,385
Provisions for Macanese taxation	**2,235**	-	2,600
	16,827	25,641	22,309

People's Republic of China tax authorities provision
As at 31 December 2015, due to disposal during the year ended 30 June 2014 of the APAC Logistics Centre and Cove Residences in Zhuhai, China, the Group is in the process of submitting a tax return to the People's Republic of China tax authorities. The provision has arisen due to the profit on the disposal. The Group has received taxation advice as to the potential charge that may be imposed by the People's Republic of China tax authorities. As the outcome is uncertain as to the charge, the Group has taken the approach of taking the mean of the highest and lowest potential charge estimated. The provision relating to the estimated tax is expected to be settled after more than one year. The Group is unlikely to be reimbursed for this provision. During the period, an interim payment of HK$6,278,000 (US$810,000) was made against this provision to the PRC tax authorities.

Deferred taxation
The Group has recognised the deferred tax liability for the taxable temporary difference relating to the investment property carried at fair value.

Provision for Macanese taxations
The Group has made provisions for property tax and complementary tax arising from its Macau business operations.

14. Provision

	Unaudited 31 Dec 15 US$'000	Unaudited 31 Dec 14 US$'000	Audited 30 Jun 15 US$'000
Macau tax authorities provision	**-**	1,343	-

In the prior year, a provision of US$1,343,000 was made for potential additional stamp duty and related costs due in relation to *The Waterside*. During the year ended 30 June 2015, an amount totalling US$609,000 (MOP4,860,000) was paid to the Macau tax authorities relating to this provision. The remaining provision of US$734,000 was written back and reduced the cost of *The Waterside*, as it had been initially capitalised therein.

15. Subsequent events

There have been no significant events occurring after the reporting date of the Interim Report for the period ended 31 December 2015.

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Alan Clifton
Wilfred Woo
David Hinde (resigned 13/11/15)

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Wilfred Woo
Chris Russell

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Chris Russell (Chairman)
Alan Clifton
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David Hinde (resigned 13/11/15)

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This Interim Report features
the topographic contours
of modern-day Macau.