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## **Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

Website : <http://www.melco-group.com>

(Stock Code : 200)

**ANNOUNCEMENT OF UNAUDITED FINANCIAL RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2011  
BY A LISTED ASSOCIATE  
— MELCO CROWN ENTERTAINMENT LIMITED**

**This is not the announcement of the financial results of Melco International Development Limited (the “Company”). This announcement is made by the Company pursuant to the requirements of Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) to provide shareholders of the Company and the public with information of the financial results of a listed associate of the Company, Melco Crown Entertainment Limited, which has announced on 23 August 2011 its unaudited financial results for the second quarter ended 30 June 2011.**

Melco Crown Entertainment Limited, a 33.36% owned associate of the Company, whose shares are listed by way of American Depositary Receipts on the NASDAQ Global Select Market in the United States, has announced on 23 August 2011 its unaudited financial results for the second quarter ended 30 June 2011.

This announcement is made by the Company pursuant to the requirements of Rule 13.09(1) of the Listing Rules.

Melco Crown Entertainment Limited (“**Melco Crown Entertainment**”), a 33.36% owned associate of the Company, whose shares are listed by way of American Depositary Receipts on the NASDAQ Global Select Market in the United States, has announced on 23 August

2011 its unaudited financial results for the second quarter ended 30 June 2011. Extracts of the unaudited financial results of Melco Crown Entertainment are provided below:

### **The second quarter 2011 results of Melco Crown Entertainment**

Net revenue for the second quarter of 2011 was US\$960.0 million, representing an increase of approximately 67% from US\$573.6 million for the comparable period in 2010. The significant increase in net revenue in the second quarter of 2011 from the same period in 2010 was mainly attributable to improved rolling chip volumes, normalized rolling chip win rates at City of Dreams, continued strong growth in mass market and hotel operations at City of Dreams, as well as contributions from other non-gaming amenities such as The House of Dancing Water and Club Cubic.

Adjusted EBITDA (i.e. earnings before interest, taxes, depreciation, amortization, pre-opening costs, development costs, property charges and others, share-based compensation, and other non-operating income and expenses) was US\$216.3 million for the second quarter of 2011, as compared to Adjusted EBITDA of US\$73.4 million in the second quarter of 2010. The 195% year-over-year increase was primarily as a result of the substantial growth in gaming volumes, a sustainably improved mass market hold percentage at City of Dreams and a more normalized blended rolling chip win rate across both City of Dreams and Altira Macau, combined with Melco Crown Entertainment's continued focus on operating margins.

On a U.S. GAAP (i.e. generally accepted accounting principles) basis, Melco Crown Entertainment recorded net income for the second quarter of 2011 of US\$66.7 million, or US\$0.13 per ADS (i.e. American Depositary Share), compared with a net loss of US\$30.1 million, or a loss of US\$0.06 per ADS, in the second quarter of 2010. The year-on-year improvement in net income primarily resulted from the significant improvement in operating fundamentals at both City of Dreams and Altira Macau, partially offset by increased interest costs from the high yield and RMB denominated bond as well as higher depreciation expense associated with The House of Dancing Water, one-off charges relating to the refinancing of the City of Dreams Project Facility, and transaction costs related to the Studio City acquisition.

### **Other factors affecting earnings of Melco Crown Entertainment**

Total non-operating expense for the second quarter of 2011 totaled US\$60.8 million, which included US\$27.4 million in net interest expense, other finance costs of US\$4.5 million, a US\$4.3 million charge relating to a change in fair value of an existing interest rate swap arrangement as well as a one-off expense of US\$25.2 million associated with the recent

refinancing of the City of Dreams Project Facility. There was no capitalized interest during the second quarter of 2011.

Depreciation and amortization costs of US\$83.6 million were recorded in the second quarter of 2011, of which US\$14.3 million was related to the amortization of Melco Crown Entertainment's gaming sub-concession and US\$4.9 million was related to the amortization of land use rights. The year-over-year increase in depreciation and amortization costs is primarily related to the opening of The House of Dancing Water in the third quarter of 2010 and Club Cubic at the beginning of the second quarter of 2011.

### **Financial position and capital expenditure of Melco Crown Entertainment**

Cash and cash equivalents as at 30 June 2011 totaled US\$1,395.3 million, including US\$368.4 million of restricted cash. Total debt at the end of the second quarter of 2011 was US\$2.4 billion, and total net debt to shareholders' equity as of 30 June 2011 was 40%.

Capital expenditures for the second quarter of 2011 were US\$8.5 million, predominantly related to various projects at City of Dreams and Altira Macau.

### **Six months' results of Melco Crown Entertainment**

For the six months ended 30 June 2011, Melco Crown Entertainment reported net revenue of US\$1,766.5 million versus US\$1,141.2 million in the six months ended 30 June 2010. The year-over-year increase in net revenue was driven by the significant improvements in operating performance at City of Dreams and Altira Macau, as well as contributions from The House of Dancing Water and Club Cubic.

Adjusted EBITDA for the first six months of 2011 was US\$337.6 million, as compared with an Adjusted EBITDA of US\$160.3 million in the first six months of 2010. The year-over-year improvements in net revenue and Adjusted EBITDA were primarily attributable to the increase in operating revenues, improvements in mass market hold percentages, as well as through a committed cost control focus at all business units.

On a U.S. GAAP basis, Melco Crown Entertainment reported net income of US\$73.8 million, or US\$0.14 per ADS, for the first six months of 2011, compared to a net loss of US\$42.6 million, or a loss of US\$0.08 per ADS, for the first six months of 2010.

The condensed consolidated statement of operations for the second quarter ended 30 June 2011 and the condensed consolidated balance sheet as at 30 June 2011 of Melco Crown Entertainment are provided below:

**Melco Crown Entertainment Limited**  
**Condensed Consolidated Statements of Operations**  
(in thousands of U.S. dollars, except share and per share data)

	Three Months Ended		Six Months Ended	
	30 June		30 June	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>OPERATING REVENUES</b>				
Casino	\$ 921,488	\$ 555,571	\$ 1,692,361	\$ 1,104,839
Rooms	25,341	20,325	49,323	39,335
Food and beverage	14,486	14,201	29,329	27,406
Entertainment, retail and others	22,954	5,391	41,179	10,761
Gross revenues	984,269	595,488	1,812,192	1,182,341
Less: promotional allowances	(24,314)	(21,848)	(45,650)	(41,096)
Net revenues	959,955	573,640	1,766,542	1,141,245
<b>OPERATING COSTS AND EXPENSES</b>				
Casino	(662,594)	(442,925)	(1,273,763)	(865,830)
Rooms	(4,439)	(3,455)	(9,024)	(6,767)
Food and beverage	(7,536)	(5,841)	(16,543)	(15,330)

Entertainment, retail and others	(16,124)	(2,047)	(29,158)	(4,143)
General and administrative	(55,558)	(47,377)	(104,314)	(91,349)
Pre-opening costs	(682)	(2,910)	(1,285)	(6,982)
Development costs	(1,110)	-	(1,110)	-
Amortization of gaming subconcession	(14,310)	(14,310)	(28,619)	(28,619)
Amortization of land use rights	(4,882)	(4,880)	(9,763)	(9,760)
Depreciation and amortization	(64,363)	(56,824)	(128,136)	(113,733)
Property charges and others	(1,000)	(474)	(1,025)	34
Total operating costs and expenses	<u>(832,598)</u>	<u>(581,043)</u>	<u>(1,602,740)</u>	<u>(1,142,479)</u>
OPERATING INCOME (LOSS)	<u>127,357</u>	<u>(7,403)</u>	<u>163,802</u>	<u>(1,234)</u>
NON-OPERATING EXPENSES				
Interest expenses, net	(27,390)	(21,283)	(53,996)	(36,766)
Other finance costs	(4,525)	780	(8,681)	(2,620)
Change in fair value of interest rate swap agreements	(4,310)	-	(4,310)	-
Foreign exchange gain, net	35	428	191	17
Other income, net	600	551	2,064	1,041
Loss on extinguishment of debt	(25,193)	-	(25,193)	-
Costs associated with debt modification	-	(3,156)	-	(3,156)
Total non-operating expenses	<u>(60,783)</u>	<u>(22,680)</u>	<u>(89,925)</u>	<u>(41,484)</u>

INCOME (LOSS)				
BEFORE INCOME TAX	66,574	(30,083)	73,877	(42,718)
INCOME TAX CREDIT (EXPENSE)	<u>82</u>	<u>(18)</u>	<u>(69)</u>	<u>143</u>
NET INCOME (LOSS)	<u>\$ 66,656</u>	<u>\$ (30,101)</u>	<u>\$ 73,808</u>	<u>\$ (42,575)</u>
INCOME (LOSS) PER SHARE:				
Basic	<u>\$ 0.042</u>	<u>\$ (0.019)</u>	<u>\$ 0.046</u>	<u>\$ (0.027)</u>
Diluted	<u>\$ 0.041</u>	<u>\$ (0.019)</u>	<u>\$ 0.046</u>	<u>\$ (0.027)</u>
INCOME (LOSS) PER ADS:				
Basic	<u>\$ 0.125</u>	<u>\$ (0.057)</u>	<u>\$ 0.138</u>	<u>\$ (0.080)</u>
Diluted	<u>\$ 0.124</u>	<u>\$ (0.057)</u>	<u>\$ 0.137</u>	<u>\$ (0.080)</u>
WEIGHTED AVERAGE SHARES USED IN INCOME (LOSS) PER SHARE CALCULATION:				
Basic	<u>1,600,828,700</u>	<u>1,595,385,813</u>	<u>1,599,631,942</u>	<u>1,595,281,416</u>
Diluted	<u>1,615,246,974</u>	<u>1,595,385,813</u>	<u>1,611,770,624</u>	<u>1,595,281,416</u>

**Melco Crown Entertainment Limited**  
**Condensed Consolidated Balance Sheets**  
(In thousands of U.S. dollars)

	<b>30 June</b>	<b>31 December</b>
	<b>2011</b>	<b>2010</b>
	(Unaudited)	(Audited) <sup>(1)</sup>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,026,851	\$ 441,923
Restricted cash	12,499	167,286
Accounts receivable, net	241,413	259,521
Amounts due from affiliated companies	1,949	1,528
Income tax receivable	-	198
Inventories	14,192	14,990
Prepaid expenses and other current assets	20,873	15,026
Total current assets	1,317,777	900,472
PROPERTY AND EQUIPMENT, NET	2,562,896	2,671,895
GAMING SUBCONCESSION, NET	628,123	656,742
INTANGIBLE ASSETS, NET	4,220	4,220
GOODWILL	81,915	81,915
LONG-TERM PREPAYMENT, DEPOSITS AND OTHER ASSETS	74,290	95,629

RESTRICTED CASH	355,938	-
DEFERRED TAX ASSETS	-	25
DEFERRED FINANCING COSTS	46,460	45,387
DEPOSIT FOR ACQUISITION OF SUBSIDIARIES	65,000	-
LAND USE RIGHTS, NET	<u>418,392</u>	<u>428,155</u>
TOTAL	<u>\$ 5,555,011</u>	<u>\$ 4,884,440</u>

#### **LIABILITIES AND SHAREHOLDERS' EQUITY**

##### **CURRENT LIABILITIES**

Accounts payable	\$ 9,676	\$ 8,880
Accrued expenses and other current liabilities	457,869	462,084
Income tax payable	1,277	934
Current portion of long-term debt	-	202,997
Amounts due to affiliated companies	748	673
Amounts due to shareholders	<u>32</u>	<u>36</u>
Total current liabilities	<u>469,602</u>	<u>675,604</u>

LONG-TERM DEBT	2,316,741	1,521,251
OTHER LONG-TERM LIABILITIES	4,510	6,496
DEFERRED TAX LIABILITIES	17,325	18,010
LOANS FROM SHAREHOLDERS	115,647	115,647



LAND USE RIGHT PAYABLE	16,359	24,241
<b>SHAREHOLDERS' EQUITY</b>		
Ordinary shares	16,069	16,056
Treasury shares	(58)	(84)
Additional paid-in capital	3,103,092	3,095,730
Accumulated other comprehensive losses	(918)	(11,345)
Accumulated losses	<u>(503,358)</u>	<u>(577,166)</u>
Total shareholders' equity	<u>2,614,827</u>	<u>2,523,191</u>
TOTAL	<u>\$ 5,555,011</u>	<u>\$ 4,884,440</u>

(1) The condensed consolidated financial statements for 2010 reflect certain reclassifications, which have no effect on previously reported net loss, to conform to the current period presentation.

The full text of Melco Crown Entertainment's unaudited financial results for the second quarter ended 30 June 2011 has been posted on the Company's website at <http://www.melco-group.com> and on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkex.com.hk>, as an overseas regulatory announcement, for the information of the Company's shareholders.

By Order of the Board of  
**Melco International Development Limited**  
**Tsang Yuen Wai, Samuel**  
*Company Secretary*

Hong Kong, 23 August 2011

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 Sir Roger Lobo, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony.