



[For Immediate Release]

Melco announces 2009 Interim Results

Highlights

- Net loss after tax amounted to approximately HK\$811.4 million for the first half of 2009, as compared to HK\$613.9 million for the same period last year.
- Of this loss, approximately HK\$265.8 million was attributable to non-cash and non-operational items, primarily relating to fair-value adjustments and reduced interests in net assets of associates.
- Excluding non-cash and non-operating items, operational losses of the Group amounted to approximately HK\$545.6 million for the first half of 2009, of which approximately HK\$475.0 million was attributable to the share of losses of the Group's 34.1%-owned associate, Melco Crown Entertainment Limited ("Melco Crown Entertainment").
- City of Dreams, the flagship project of Melco Crown Entertainment, opened on time and on budget, on 1 June 2009.
- So far, market response to this world class entertainment complex has been overwhelming. The property saw over 1.2 million visitors, or on average 41,000 visitors per day, in its first month of operations in June.

(Hong Kong, 11 September 2009) --- Melco International Development Limited ("Melco" or the "Group", HKEx Code: 200) today announced its interim results for the six months ended 30 June 2009.

For the period under review, the Group reported a net loss after tax of HK\$811.4 million as compared to HK\$613.9 million for the corresponding period last year.

A schedule showing the split between operational and non-operational items is given in Appendix 1 and is summarized below:

	Six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operational items	(545,598)	(12,543)
Non-operational items	(265,765)	(601,320)
	<u>(811,363)</u>	<u>(613,863)</u>

Non-cash and non-operational losses amounted to approximately HK\$265.8 million, compared to HK\$601.3 million in the first half of 2008, the details of which are shown in Appendix 1.



Excluding non-cash and non-operating items, operational losses of the Group amounted to HK\$545.6 million in the review period (1H08: HK\$12.5 million). Over 94%, or HK\$511.7 million, of the operational losses came from share of losses of the Group's associates, of which over 90%, or HK\$475.0 million, came from Melco Crown Entertainment.

According to the financial statements of Melco Crown Entertainment, prepared under US GAAP, net loss amounted to approximately US\$179.3 million during the review period (1H08: net profit of US\$37.5 million).

This variation was primarily due to the following:

- (1) The global financial crisis and the visa restrictions on PRC visitors caused VIP rolling chip volume at Altira Macau to halve from US\$37.9 billion in 1H08 to US\$18.8 billion in 1H09.
- (2) The first month of operations at City of Dreams, ie June 2009, suffered from an extremely low VIP hold of 0.8%. Normalized VIP hold is supposed to be 2.85%.
- (3) Pre-opening costs associated with the opening of City of Dreams amounted to US\$79.6 million in 1H09 as compared to US\$5.7 million in 1H08. However, pre-opening costs are expected to drop substantially in the second half of 2009, following the completion of the project.

City of Dreams opened on time and on budget on 1 June 2009

City of Dreams, the flagship property of Melco Crown Entertainment, opened on time and on budget on 1 June 2009. Satisfactory patronage has been reported in the first month of operations with approximately 1.2 million visitors or an average of approximately 41,000 visitors per day. Continuous marketing efforts have also improved the awareness of City of Dreams in the region, which has in turn translated into growing gaming volume. The approximate 800-room Grand Hyatt Macau, within the City of Dreams Complex, is scheduled to open by the end of September 2009. It is expected that this will further increase the gaming revenue and market share of City of Dreams.

Continuing efforts to divest out of non-core businesses

During the review period, the Group has continued its efforts to divest out of non-core businesses in order to focus on its core businesses in "gaming and Macau".

On 4 June 2009, the Group completed the disposal of 80% of the issued share capital of iAsia Online Systems Limited.

Subsequent to the review period, on 20 August 2009, Melco China Resorts (Holding) Limited ("MCR") entered into a definitive agreement with China Entertainment Globe Ltd. ("CEG") in which, subject to completion, CEG will subscribe for 95,000,000 common shares in MCR at a

subscription price of C\$0.15 per share for a total subscription amount of C\$14,250,000. On completion of the deal which is expected to be some time in September 2009 upon satisfaction of all closing conditions, CEG will be holding approximately 49.8% of the equity interest of MCR and the Group's shareholding in MCR will be diluted to approximately 27%.

On 8 September 2009, Value Convergence Holdings Limited ("VC") entered into a placing agreement ("Placing Agreement"), pursuant to which VC has agreed to appoint the placing agent to procure independent subscribers to subscribe for convertible bonds with a principal amount of HK\$300 million ("First Convertible Bonds") at the initial conversion price of HK\$1 per share. Under the terms of the First Convertible Bonds, the bondholders who convert the First Convertible Bonds within one year from the date of issue of the First Convertible Bonds will be granted options which will entitle them to subscribe for further convertible bonds equal to the principal amount of the First Convertible Bonds. Accordingly, further convertible bonds with a principal amount of HK\$300 million may be issued. Should the First Convertible Bonds be fully converted into ordinary shares of VC, the Group's interest in VC would be diluted from 43.36% to 23.98%. Should the further convertible bonds be subscribed and later converted in full into ordinary shares of VC, the Group's interest in VC would be further diluted to 16.57%.

Mr Lawrence Ho, Group Chairman and CEO of Melco, said, "There is growing evidence that the global economy is on its way to recovery with China leading the way. Melco, with its main market in Macau, which is highly linked to the fortune of China, is poised to benefit greatly from this expected recovery. Recently, the Macau Government announced that a new directive will soon be enacted to cap commission rates payable to junket operators, thus putting to bed the fear of a potential cut-throat competition among the six concessionaires and paving the way to a level playing field with the operators competing on product and quality of services, rather than on prices. With a new Chief Executive of Macau soon to take over administration vowing to foster economic growth of the city, coupled with talks that visa restrictions on PRC visitors to Macau will be further relaxed, we are highly confident on an imminent revival of growth in the Macau gaming market."

"With the recent opening of our flagship integrated resort, City of Dreams, together with Altira Macau (specifically designed to cater for VIP rolling chip customers) and Mocha Clubs (specifically designed to cater for the grind market), the Group now boasts a comprehensive portfolio of assets serving all the customer segments in Macau and is therefore well-positioned to compete favourably with the other players in Macau", **Mr Ho** concluded.

In 2009, Melco won the "Corporate Governance Asia Annual Recognition Award 2009" by *Corporate Governance Asia* magazine for the fourth consecutive year. It was also recognized by *FinanceAsia* magazine as one of Hong Kong's "Best Managed Companies" for the third consecutive year in 2009, and was one of the "Best mid-cap companies" and "Best in Corporate Social Responsibility" in Hong Kong. These awards serve to testify the investment community's recognition of the Group's performance and management standards.



About Melco International Development Limited

Melco is one of the companies with the longest history in Hong Kong. Founded in 1910, Melco was among the first one hundred companies established in the city and was listed on the Hong Kong Stock Exchange in 1927. Today, under the leadership of its Chairman and Chief Executive Officer Lawrence Ho, Melco is a dynamic New Generation Asian company focused on leisure and entertainment. Under his stewardship, Melco Group now has significant interests in six listed entities, including three in Hong Kong, two in the US and one in Canada. Its promising performance and distinctive leadership in the industry are also well recognized worldwide. Melco was recognized by FinanceAsia magazine as one of Hong Kong's Best Managed Companies for the third year in 2009. For more information about Melco, please visit www.melco-group.com.

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Appendix 1 Schedule showing the Split between Operational and Non-operational Items

Expressed in HK\$'000	Six months ended 30 June 2009			Six months ended 30 June 2008		
	Per MD&A	Operational	Valuation	Per MD&A	Operational	Valuation
	Unaudited	items	items	Unaudited	items	items
Segmental Result: Leisure, Gaming and Entertainment	(1,332)	(1,332)	-	921	921	-
Segmental Result: Technology	8,588	8,588	-	(3,268)	(3,268)	-
Segmental Result: Property and Other Investments	27,772	27,772	-	34,596	34,596	-
Intra-group elimination	12	12	-	(994)	(994)	-
Group operating result	35,040	35,040	-	31,255	31,255	-
Share of (losses) profit of associates	(511,713)	(511,713)	-	(122,395)	57,931	(180,326)
Share of (loss) profit of a jointly controlled entity	(155,351)	-	(155,351)	39,895	-	39,895
(Loss) gain on changes in interests in associates	(176,421)	-	(176,421)	53,856	-	53,856
Loss on disposal of a subsidiary	(1,804)	-	(1,804)	-	-	-
Fair value changes on derivative financial instruments	(30)	-	(30)	(191,420)	-	(191,420)
Fair value change on investment in convertible loan note	77,629	-	77,629	-	-	-
Loss on disposal of available-for-sale investment	(1,172)	-	(1,172)	-	-	-
Impairment loss recognised in respect of interests in associates	-	-	-	(313,000)	-	(313,000)
Unallocated corporate income	27,259	-	27,259	25,125	-	25,125
Central administrative costs & other unallocated corporate expenses	(49,095)	(49,095)	-	(83,261)	(83,261)	-
Finance costs	(55,103)	(19,228)	(35,875)	(53,907)	(18,457)	(35,450)
Loss before tax	(810,761)	(544,996)	(265,765)	(613,852)	(12,532)	(601,320)
Income tax expense	(602)	(602)	-	(11)	(11)	-
Loss for the period	(811,363)	(545,598)	(265,765)	(613,863)	(12,543)	(601,320)

Over 94% of the losses arose from share of losses of associates

Corporate expenses went down by over 40%, thanks to the cost cutting measures implemented as from November 2008