



Melco Crown Entertainment  
新濠博亞娛樂

Annual Report 2008



## Our future

To build Melco Crown Entertainment as a strong, well-recognized and highly regarded industry leader by developing high quality integrated entertainment properties and delivering differentiated services and distinctive experiences to guests from around the world.

01

## Our foundations

Four foundation stones help to define the way we see and do things

- Relevance
- Innovation
- Integrity
- Harmony

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# Relevance

We celebrate the heritage of our customers and understand how they behave. We predict their expectations because they are our expectations. We believe in customizing everything we do, so as to be current, to be relevant. The spectacular customer experiences that we make possible must be differentiated from our competitors.

# Innovation

We are innovative thinkers, not bound by conformity. We will always seek to create opportunities from challenges. We believe in ground breaking design and architecture, differentiated service and products, the power of branding and its impact on our customers. Continuous innovation is a constant point of reference for us and this is channeled through significant investment in our people and properties.

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# Integrity

The highest professional standards are ingrained in our operations, from the gaming floor to the concierge desk, in the boardroom and through our financial reporting standards. We are committed to having the courage of our convictions, to persevere and honor adversity, to ask “why not?” We will not compromise on integrity.

# Harmony

Our operations are integral to our neighborhood. We will protect the harmony that comes from aligning our interests with the interests of our stakeholders in Government, throughout our local communities, across our talented and diverse workforce, and with our shareholders. We value our colleagues, our customers and our community. We embrace our diversity because we learn from it. We will continue to contribute to the long-term stable development of the economies we serve.

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# Letter from the CEO

The opening of City of Dreams on the first of June will be the most significant operating milestone in our young company's history. It will be a 'game changing' transition for Melco Crown Entertainment on almost every measurable level.

新濠天地將於六月一日開幕，對於我們這家年輕公司而言絕對是發展里程碑上最觸目的盛事。從每一個可以量化的層面上，這都將是新濠博亞娛樂業務的轉捩點。



Mr. Lawrence Ho,  
Co-Chairman & CEO

Dear Shareholders,

As I write this letter, we are only a few weeks away from the opening of our flagship property, City of Dreams, an integrated urban entertainment resort in the heart of Cotai, the epicenter for gaming entertainment in Asia.

We have forged ahead with the construction and completion of City of Dreams as some of our competitors have suspended their Cotai development projects. Our staying power is a reward for previous years of planning and fundraising and illustrates our commitment to the development of Macau as the region's premiere tourist destination, as well as our confidence in the future of the Macau gaming market.

One of the pillars of this confidence is our discipline in conservatively managing our balance sheet and maintaining a strong and flexible capital structure. Our ability to stay the course on our development program has also been derived from our bedrock principles of patience and commitment to longevity in our home market. These two principles provide us with continuity of vision and focus, despite volatility in the global economy and the inevitable swings in regional business cycles.

The opening of City of Dreams on the first of June will be the most significant operating milestone in our young company's history. It will be a 'game changing' transition for Melco Crown Entertainment on almost every measurable level.

Our company will grow from approximately 4,000 to more than 10,000 employees. We will dramatically expand our gaming portfolio, which to date has been limited to operating approximately 1,300 slot machines across our Mocha Club network of outlets, and being almost exclusively focused on gaming promoter supported rolling chip, or VIP, baccarat play at Altira Macau. City of Dreams positions us to compete for the central ground – the premium mass-market customers and the high-rolling table game customers from across the region who drive the financial performance of our competitors. We are not dismissive of the niche focus of Mocha Club and Altira Macau. On the contrary, our vision of a differentiated portfolio of gaming assets, and the past 6 years spent developing them, is testament to our long held belief that the market will continue to segment. Our property level invested capital will increase over five-fold following the opening of City of Dreams, and our revenue and operating profit will diversify with non-gaming sources that will include significant contributions from hotel operations, food and beverage outlets, the retail 'Boulevard', and various entertainment venues, including 'The Bubble' and the 'Theater of Dreams'.

致各位股東：

本人擬定這封函件之時，距離我們旗艦項目新濠天地的開幕日期僅有短短數個星期。新濠天地為一個現代綜合娛樂度假勝地，座落于亞洲博彩娛樂中心——路氹城的核心地帶。

當部分競爭對手暫停路氹城發展項目之際，新濠天地的建築工程仍全速進行，現已接近完成階段。過去數年間的規劃及集資行動造就了我們堅毅不屈的精神，並體現我們對澳門發展成頂級旅遊熱點的承諾，顯示我們對澳門博彩業的前景充滿信心。

我們一直謹慎管理公司的資產負債，維持實力雄厚且靈活的資本結構，為公司奠定了強大的信心支柱。我們能如期推進公司的項目發展計劃，全因我們擁有堅定不移的信念，以及對澳門本土市場長遠發展的一份承諾和抱負。基於這兩大原則，儘管全球經濟大幅波動及區內營商環境急轉轉向，我們仍然堅守公司的發展目標及方向。

新濠天地將於六月一日開幕，對於我們這家年輕公司而言絕對是發展里程碑上最觸目的盛事。從每一個可以量化的層面上，這都將是新濠博亞娛樂業務的轉捩點。

我們公司員工的數目將由約 4,000 人增至超過 10,000 人。我們將繼續擴大我們的博彩業務組合，現時，我們的博彩娛樂業務僅限於營運摩卡娛樂場大約 1,300 部角子機，以及專注在新濠鋒營運與博彩中介人合作的貴賓廳轉碼業務及百家樂業務。待新濠天地開幕後，屆時必有一番新景象。新濠天地讓公司有足夠實力於最具潛力的市場上競逐，亦即是高檔大眾化客戶市場，和來自各地為我們的博彩同業帶來龐大財政收益的高注碼客戶市場。然而，我們並不會忽略摩卡娛樂場及新濠鋒所專注的獨特市場。相反，我們認為博彩娛樂的資產組合應有明顯的分層去迎合不同的市場需要，而我們在過去六年的發展，足以引證我們這市場分層理念。隨着新濠天地開幕，我們在該項目所投入的資金會增加五倍以上，而非博彩娛樂業務亦將令公司的營業額及經營溢利來源更加多元化；其中酒店、食肆、「新濠大道」、「天幕」與「Theater of Dreams 劇院」等娛樂熱點都會為公司帶來可觀的收益。

While the opening of City of Dreams represents a major shift in the operating profile of our company, it also represents our transition from a company largely focused on development to one almost exclusively focused on delivering superior operating results.

We live and operate in the most dynamic region in the world where change to the status quo is inevitable. To remain relevant and competitive, we need to combine a fundamental, long-term belief in our core market with an appreciation of the ever-evolving landscape.

We are 'in the trenches' every day, which allows us to stay vigilant to the evolving tastes and aspirations of our customers. We embrace change and recognize that we must remain nimble. To use a hockey metaphor, we don't skate to where the puck is, we skate to where the puck is going... always anticipating, always adapting.

Our corporate culture and fundamental core values will more clearly emerge as we make this transition. And, as a relatively new company without any historical baggage, we are in an enviable position of being able to define our core values from a clean slate.

The cornerstone of our identity is the fact that we are an Asian company catering to Asian customers. We are uniquely attuned to the evolving tastes of this demanding and discriminating audience of increasingly affluent individuals.

We firmly believe that we are in the early years of the China Century with Chinese consumers providing the engine for growth for the global economy. We are confident that Macau and our business model are heavily leveraged to this tectonic shift in the global marketplace.

One of the tenets of our corporate culture is our emphasis on constantly raising standards in everything that we do, from corporate governance to the architectural concepts we employ to our innovative approach to employee development. We take the best from both the East and West and use our local knowledge and insight to create environments, experiences and service standards that are uniquely tailored to meeting and exceeding the expectations of our largely Asian clientele.

We are a next generation Asian company, and we have built next generation properties that cater to a technology savvy, brand aware, and sophisticated Asian population. While each property we build is unique and purpose-built for its core demographic, customers will recognize the common DNA that runs through our design palate that is keyed on contemporary luxury and crisp, elegant design.

新濠天地的開業不僅標誌著公司在業務經營層次上的重大轉變，更代表我們已由一家專注於項目發展的公司轉型為一家以卓越經營業績為目標的公司。

我們在全球最具活力的地區生活及經營業務，因此轉變是必然的。為了與時俱進及維持競爭力，我們需對核心市場有深厚而長遠的信念，同時亦樂於適應不斷變化的市場環境而作出協調。

我們每天在市場上作戰，時刻緊貼客戶瞬息萬變的喜好及期望。我們亦掌握各項轉變並時刻作出靈活應對，就像在冰上曲棍球賽上跟隨冰球的走勢一樣，時刻預測球路，不斷調整策略應對。

在轉型的過程中，我們能建立更清晰的企業文化及基本核心價值。而作為一家相對年輕、沒有歷史包袱的公司，我們獨具優勢，可從清晰嶄新的角度界定公司的核心價值。

我們的定位是一家專注迎合亞洲區客戶的亞洲公司。我們具有獨特的協調能力去滿足不斷變化、要求嚴格且別具品味的富裕客戶之需求。

我們深信隨著中國消費者成為推動全球經濟增長的原動力，我們現正處於「中國時代」的初期。我們有信心澳門以至於新濠博亞娛樂的業務模式皆可借助此環球市場的結構性轉變而穩步發展。

在新濠博亞娛樂的企業文化中，其中一個宗旨是持續提升各方面的水平，包括企業管治、建築概念，以至創新的員工發展方案等。我們結合中西優勢，並運用對本地市場的認識及理解，為以亞洲客戶為主的客戶群締造獨特的環境、體驗及服務，以全面迎合甚至超越他們的期望。

作為一家新一代亞洲公司，我們興建了劃時代的建築，務求滿足追求卓越科技、品牌認知和要求嚴格的亞洲客戶。我們每座物業都別具風格，按照目標客戶需要而精心設計，相信客戶可從這些建築中發現我們融匯現代化、豪華及典雅設計於一身的特質。

We are not afraid of new ideas and our corporate culture rewards fresh thinking. We have consistently delivered innovative solutions as we've confronted a variety of challenges and developments in our core markets. For example, we created a unique, operating structure at Altira Macau that delivers working capital (the life blood of this business) to gaming promoters in a way that insulates us from credit risk. Similarly, earlier this year, we launched our 'Quality of Life' program, which introduced new scheduling concepts (part time work with benefits and compressed shift schedules, along with the elimination of the six day work week) that were previously unheard of in Macau.

Our employees are our most important asset, as they are the ones who deliver the front line experience to our guests. We recognize the crucial relationship between customers and employees and have instituted a number of employment practices that are designed to benefit our staff and make Melco Crown Entertainment the employer of choice in Macau. We offer extensive training opportunities based on the philosophy that we as a company will invest in those employees who are willing to invest in themselves.

Commitment to integrity permeates everything we do at Melco Crown Entertainment. It steers us as we interact with our customers and employees, as well as the shareholders who choose to invest alongside the founders of our company. We have high standards in the people we hire, in how we build our properties, and in the associations we keep.

We believe this approach to customers and employees, guided by our emerging corporate culture, will give us a competitive advantage in the marketplace, help produce attractive returns for shareholders, and lay the foundation that will make Melco Crown Entertainment the leading Asian gaming and entertainment company for generations to follow.

While our focus is appropriately centered on the future, I would also like to express my gratitude to my fellow Directors, the senior management team, and, most importantly, all of our staff at Mocha Clubs, Altira Macau, City of Dreams, and our corporate office for their hard work and dedication over the last year.

Regards

Lawrence Ho  
Co-Chairman and CEO

我們勇於採用新概念，企業文化亦鼓勵嶄新思維。一直以來，公司不斷推陳出新，以迎接核心市場內出現的挑戰及發展機會。以新濠鋒為例，其獨特的營運架構，既能為博彩中介人帶來營運資金（此乃其業務命脈），而我們亦毋須承擔信貸風險。同樣地，公司於本年初推出嶄新工作計劃和引入「定時兼職連福利」工作方案，讓兼職員工享有福利，並提供彈性濃縮工作周，打破每週工作六天的傳統，開創了澳門市場先河。

公司一直視員工為最重要的資產，因他們站在服務的最前線，故我們極之重視客戶與員工之間的關係。為此，公司制定了一系列僱傭常規，以員工的利益為前題，務求令新濠博亞娛樂成為澳門的首選僱主。公司一直投資於積極自我增值的員工身上，這亦是我們在提供全面培訓機會方面所秉持的信念。

新濠博亞娛樂所經營的各項業務均體現我們對誠信的重視。這種態度帶領了公司與不同團體之間的溝通，包括客戶、員工，以及和我們的創辦人一樣選擇投資於本公司的股東。我們對員工、旗下物業發展及業務夥伴均保持高水平的要求。

我們相信以此誠信的態度對待客戶及員工，加上公司的全新企業文化，將可大大加強公司在市場上的競爭力，為股東締造可觀的回報，同時亦為新濠博亞娛樂發展成為亞洲領先博彩及娛樂公司奠下鞏固基礎。

在放眼未來的同時，本人謹此衷心感謝各董事同仁、高級管理層成員、以及摩卡娛樂場、新濠鋒、新濠天地及集團總部之員工在過去一年所作的努力及貢獻。

何猷龍  
聯席主席兼行政總裁

# We are an Asian entertainment company

Our business operations are concentrated in Macau, located in the Pearl River Delta region of China, approximately one hour away from Hong Kong via a 24-hour hydrofoil ferry service.



All of the main population centers of China, as well as Taiwan, Japan, Korea, Thailand, Malaysia, Singapore, Indonesia, Vietnam and the Philippines lie within an approximate 2,500 mile radius of Macau. These countries have a combined population of almost two billion people, with China alone representing approximately 1.3 billion people. Like Hong Kong, Macau is a Special Administrative Region of the People's Republic of China.

Between 2004 and 2008, visitation to Macau increased at a CAGR of 16% to approximately 30 million visitors according to the Macau Statistics and Census Services.

We maintain the view that over time Macau will develop into a multi-night stay urban vacation destination, drawing increased visitation from a diverse universe of Asian tourists.

This broad base of customers will continue to drive the future growth of the Macau market, benefited by the long-term improving economic prospects for the Asia Pacific region together with the future improvements in transportation links across the region, where Hong Kong already acts as a hub.

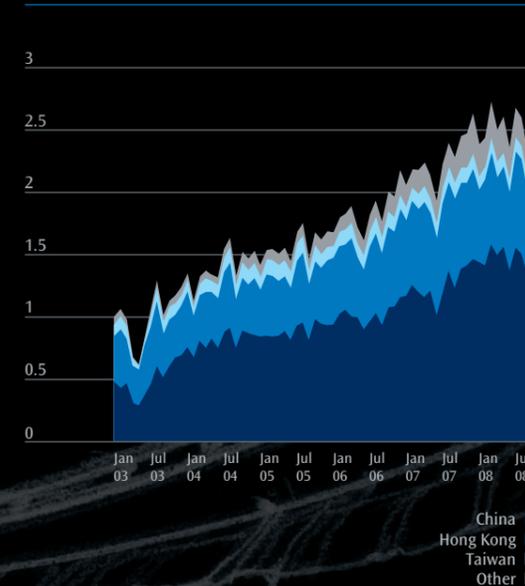
We have developed a portfolio of properties which are designed to be complimentary to one another, and which recognize the increasingly segmented market characteristics that have emerged since the Macau government undertook to open up the gaming

market to competition in 2002. We believe that multi-night stay visitors to Macau are seeking out a comprehensive array of entertainment options. High quality supply will drive more demand which will fund more supply. This is a virtuous cycle and is, we believe, still at a nascent stage of development.

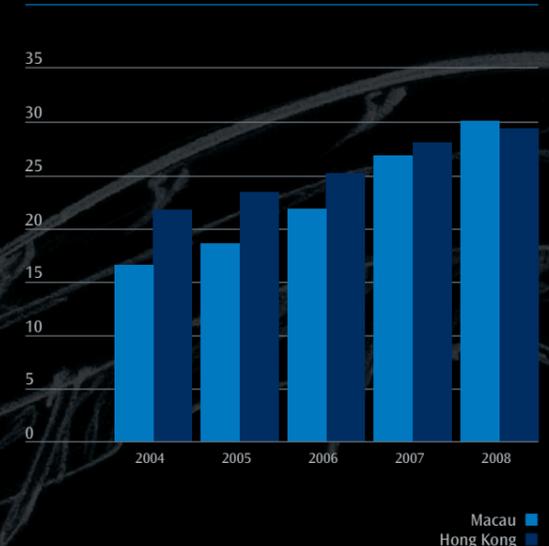
We will continue to invest in a wide array of entertainment experiences, designed to surprise and delight our audiences.

We will be original in thought, demonstrate cultural sensitivity and relevance, be world-class in execution and be dynamic as we lead in setting a twenty first century pace to the evolution of Macau as the epicentre of entertainment in the Asia Pacific region. The imminent launch of 'Dragons Treasure', an awe-inspiring fully immersive multimedia show housed in our 'Bubble' theater at City of Dreams, from which the dragon design elements in this Annual Report have been taken, is testament to this vision.

Monthly visitation by residence  
millions



Macau vs. Hong Kong arrivals  
millions



16\_17

#### Next generation leadership

As a company we are able to look beyond the current decade and the decade after that, confident that we are in the early years of the 'China Century'. The impact of our generation in providing an important engine of growth for the global economy is likely to be substantial. We see our business evolving as an important proxy for this emerging wave of Chinese consumerism.

#### Next generation experiences

We are deploying next generation technology, architecture and ideas across our business so as to ensure that our customers' experiences are unique. Our Mocha Clubs house the most up-to-date gaming machine products in the market, providing a living research and development environment for our product partners. We paint the walls, ceilings and columns of our buildings with projected light and images which can be refreshed and renewed at a keystroke. We work with a spectrum of the world's leading brands, understanding our customer's preference for the dynamism of a house of brands experience rather than a branded house experience.

#### Next generation thinking

Our business thinking is born of today and predicts the opportunities of tomorrow. It is not restricted by business models of the past or our practices in other markets. In a relatively short timeframe we have challenged the established model in many ways. By way of example, Mocha Clubs introduced gaming machines to the Macau market in 2003. Today, gaming machines generate nearly 6% of total market revenues and represents the fastest growing segment overall. Our innovative employee programs continue to be adopted by the Government and others as best practice in Macau. We were the first casino operator to outsource the provision of working capital to gaming promoters under the unique operating structure at Altira Macau. The future will provide us with many opportunities to demonstrate our next generation thinking.

# We are next generation

Southern Dragon King from  
Dragons Treasure at the  
City of Dreams Bubble.

We are deploying next generation technology, architecture and ideas across our business so as to ensure that our customers' experiences are unique.



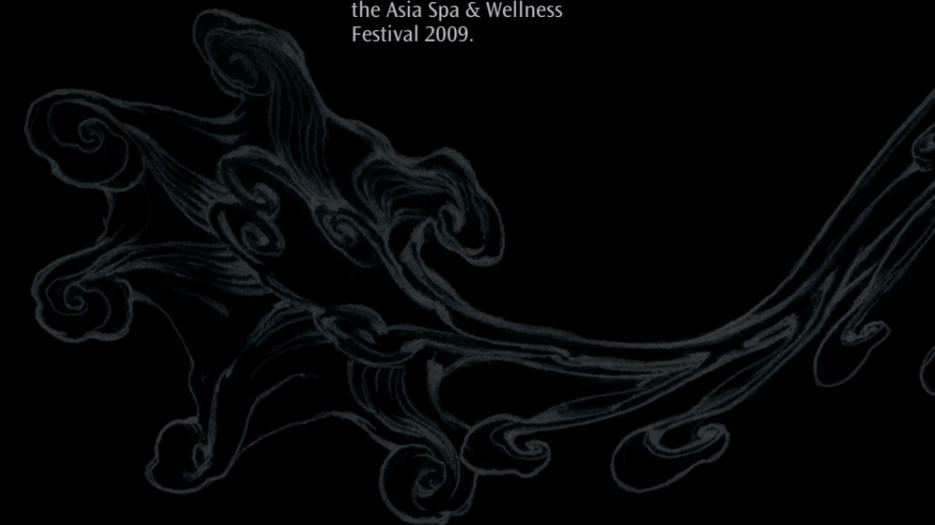
# We focus on quality

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Tenmasa restaurant  
at Altira Macau.

Quality is deeply engrained in our culture, it underpins the mindset of our customers, and it is key that our products and service constantly live up to these expectations.

We use quality as a measurement benchmark in all that we do. Quality is deeply engrained in our culture, it underpins the mindset of our customers, and it is key that our products and service constantly live up to these expectations. We received awards during 2008 to recognise this commitment to quality. Altira Macau won the 'Best Casino Interior Design Award' in the inaugural International Gaming Awards; Ying, our Chinese restaurant at Altira Macau, was recently awarded a Michelin star, and the spa at Altira Macau received the 'Best Hotel Spa Gold Award' at the Asia Spa & Wellness Festival 2009.



**December 2006**  
US\$1,144,750,000  
raised from Initial  
Public Offering (IPO)

American Depository  
Shares listed on NASDAQ

**January 2007**  
US\$171,712,500 raised  
from exercise of IPO  
over-allotment option

**September 2007**  
US\$1,750,000,000 Senior  
Secured Credit Facilities

FinanceAsia 'Best Project  
Financing Deal, 2007'

IFR Asia 'Macau  
Capital Markets Deal  
of the Year, 2007'

US\$500m initial draw  
on term loan facility

**November 2007**  
US\$581,250,000  
raised from Follow-on  
Equity Offering

**September 2008**  
US\$485m second  
drawdown on term loan  
facility upon satisfaction  
of conditions precedent.

**April 2009**  
US\$180,000,000 raised  
from Follow-on Equity  
Offering and exercise  
of over-allotment option

# We have financial stability

Our focus on building long-term strength into the balance sheet of Melco Crown Entertainment pre-dates the volatile capital markets which are such a dominant feature of the global economy currently.

The Great Wall of China – built, rebuilt, and maintained between the 5th century BC and the 16th century.

Successive fund raising events in the period between the initial listing of Melco Crown Entertainment on NASDAQ in December 2006 and the end of 2008 have raised in aggregate approximately US\$3.65 billion. These funds, together with the cash and assets invested by the two founding shareholders, combine to ensure that Melco Crown Entertainment has one of the more conservatively funded balance sheets amongst its casino developer peers globally.

Our focus on building long-term strength into the balance sheet of Melco Crown Entertainment pre-dates the volatile capital markets which are such a dominant feature of the global economy currently. This foresight demonstrates four key financial maxims which we adhere to:

- We will raise development funds before commencing any development, and we will develop one project at a time
- We will raise development funds when we can and not when we need to
- We will manage our financial health conservatively, with our development focus being on the long game, not the short gain
- We are in the early stages of our corporate development. De-leveraging and maturity extension has priority over distributions and dividends. We believe this strategy will deliver premium returns to shareholders over the long term

# Our people

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As one of the pioneers of Macau's gaming industry, Melco Crown Entertainment has worked aggressively to cultivate and develop local management talent. In line with these efforts, we joined forces with the University of Science & Technology in Macau to offer a Fast Track Promotional Program for local dealers and pit supervisors in late 2008.

The three month program was designed to equip its participants with valuable business skills and relevant technical knowledge, as well as provide comprehensive leadership and management training. Employees who successfully completed the program were guaranteed a promotion at City of Dreams or Altira Macau based on management allocation, together with an increased salary on an annualized basis.

Over 300 team members, including 245 dealers and 79 pit managers, participated in the inaugural running of this training program. The program demonstrates our commitment to develop local management talent and was supported by a meaningful allocation of scarce resources into the advancement of local staff. We are pleased to support those employees who are committed to investing in their own careers with us.

Early in 2009, Melco Crown Entertainment launched a 'Quality of Life' program which features two innovative human resource initiatives: FlexCompress, a concept which offers a compressed workweek arrangement that allows employees to have more days off for the same hours worked; and Strawberry Life, a concept which offers a regularly scheduled part time work option with benefits that will promote job creation in Macau.

Today we believe that we are the employer of choice in Macau.

## Our Executive team



Lawrence (Yau Lung) Ho  
Co-Chairman and Chief Executive Officer, 32



Greg Hawkins  
President of City of Dreams, 45



Ted (Yin Tat) Chan  
President of Altira Macau, 37



Constance (Ching Hui) Hsu  
President of Mocha Clubs, 36



Simon Dewhurst  
Executive Vice President and Chief Financial Officer, 40

Stephanie Cheung  
Executive Vice President and Chief Legal Officer, 46

Akiko Takahashi  
Executive Vice President and Chief Human Resources / Corporate Social Responsibility Officer, 55

Richard Tsiang  
Executive Vice President and Chief Development Officer, 48

Nigel Dean  
Executive Vice President and Chief Internal Audit Officer, 55

# Our business divisions

## City of Dreams



A 'must-experience' integrated urban entertainment resort on Cotai that will combine world-class entertainment, attractions, accommodation, dining, shopping and contemporary casinos, to become a leading entertainment destination.

# 420,000

square foot casino

## Altira Macau



Boutique casino and hotel tailored to meet the cultural preferences and expectations of its gaming promoters and its Asian rolling chip customers.

# 1.3 billion

US\$'s revenue for the year ended  
31 December 2008

## Mocha Clubs



Gaming outside the conventional casino setting with upscale décor and café ambiance and a membership targeted toward mass market and casual gaming patrons, including local residents and day-trip customers.

# 140,020

active members  
as at 31 December 2008

# City of Dreams

## A kaleidoscope of entertainment



City of Dreams, our flagship integrated entertainment resort development which opened in Cotai on 1 June 2009, is set to become the 'must experience' urban entertainment destination in Macau.

City of Dreams, our flagship integrated entertainment resort development which opened in Cotai on 1 June 2009, is set to become the 'must experience' urban entertainment destination in Macau. Combining world-class entertainment, attractions, a diverse array of accommodation, regional and international dining, world-class shopping and spacious, contemporary casinos, City of Dreams is expected to quickly establish itself as a landmark property in Macau. The resort brings together a collection of world-renowned brands such as Crown, Grand Hyatt, Hard Rock and Dragone to create an exceptional guest experience that will appeal to a broad spectrum of visitors from around Asia and the world.

The initial opening of City of Dreams will feature a 420,000 square foot casino with approximately 520 gaming tables and approximately 1,350 gaming machines; over 20 restaurants and bars; an impressive array of some of the world's most sought-after retail brands; and an iconic and spectacular audio visual multimedia experience.

The Crown Towers and the Hard Rock Hotel will offer approximately 300 guest rooms each. Grand Hyatt Macau, offering approximately 800 guest rooms, will be completed in the third quarter of 2009 and a Dragone inspired theater production is planned for the purpose-built Theater of Dreams. A final planned phase of development at City of Dreams will feature an apartment hotel consisting of approximately 800 units.

City of Dreams is located at the northern end of Cotai, which will make it one of the closest destination resorts in Cotai to the Macau International Airport and the newly developed Hong Kong/Macau Ferry Pier.

The development will be the only major casino resort to open in Macau in 2009. Located opposite to the Venetian Macao, City of Dreams will play a major role in both the continued transformation of Macau into a major international multi-day stay destination and our future development as one of Macau's leading casino operators.

Altira Macau (formerly Crown Macau) opened in May 2007. The resort is designed to provide a luxurious casino and hotel experience which is primarily tailored to meet the cultural preferences and expectations of Asian rolling chip customers and the gaming promoters who collaborate with them.

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Altira Macau won the 'Best Casino Interior Design Award' in the first International Gaming Awards in 2008 which recognizes outstanding design in the casino sector.

The casino at Altira Macau has approximately 183,000 square foot of gaming space and features approximately 255 gaming tables.

The multi-floor layout provides general gaming areas as well as limited access high-limit private gaming areas and private gaming rooms catering to high-end patrons. High-limit tables located in the limited access private gaming areas provide our high-end patrons with a premium gaming experience in an exclusive private environment. The table limits on our main casino floors accommodate a full range of casino patrons. Due to the flexibility of our multi-floor layout, we are able to reconfigure the casino at Altira Macau to meet the evolving demands of our patrons and target specific segments we deem attractive on a periodic basis.

The hotel located within the 38-story Altira Macau is recognized as one of the leading hotels in Macau. The top floor of the hotel serves as the hotel lobby and reception area, providing guests with sweeping views of the surrounding area. The hotel comprises approximately 216 deluxe rooms, including 24 high-end suites and eight villas and features a luxurious interior design combining elegance and comfort with some of the latest in-room entertainment and communication facilities.

A number of restaurants and dining facilities are available at Altira Macau, including Tenmasa, a renowned Japanese restaurant in Tokyo, several Chinese and international restaurants, dining areas and restaurants focused around the gaming areas and a range of bars across multiple levels of the property. The hotel at Altira Macau also offers high-quality non-gaming entertainment venues, including a spa, gymnasium, outdoor garden podium and a sky terrace lounge.

The recent introduction of highly experienced local management to Altira Macau has been successful. Our team has a deep understanding of its customers and will continue to hone the operational effectiveness of our property through the development of a tailored experience for its customers.

The Altira brand, which was launched in April 2009, was developed in-house and is targeted at the Asian rolling chip market. This new brand will continue to support our overarching business objective at Altira Macau of leveraging the working capital of our gaming promoters and developing our position as the premier Asian rolling chip casino. Our decision to transition the branding to Altira Macau will meet two key strategies: first, to align the brand positioning of the property with the concentrated market focus on Asian rolling chip customers that has prevailed since late 2007; and second, to focus our Crown brand solely at the City of Dreams property targeting premium VIP customers sourced through the regional marketing networks operated by us and Crown.

# Altira Macau Distinctive in design Superior in quality Exceptional in service



# Mocha Clubs Environments of style with the ambience of a café

Mocha Clubs first opened in September 2003 and has expanded operations to eight clubs with a total of approximately 1,300 gaming machines, each club with an average of approximately 150 gaming machines and gaming space ranging from approximately 5,000 square foot to 15,000 square foot.



Mocha Clubs first opened in September 2003 and has expanded its operations to eight clubs with a total of approximately 1,300 gaming machines, each club with an average of approximately 150 gaming machines and gaming space ranging from approximately 5,000 square foot to 15,000 square foot. The clubs comprise the largest non-casino-based operations of electronic gaming machines in Macau and are conveniently located with strong pedestrian traffic, typically within three-star hotels. Each club site offers a relaxed ambience and electronic tables without dealers. Our Mocha Club gaming facilities include the latest technology for gaming machines and offer both single player machines with a variety of games, including progressive jackpots, and multi-player games where players on linked machines play against each other in electronic roulette, baccarat and sicbo, a traditional Chinese dice game.

Mocha Clubs focus on mass market and casual gaming patrons, including local residents and day-trip customers, outside the conventional casino setting. One of our Mocha Clubs located at Mocha Square was temporarily closed for renovations beginning December 31, 2007, and subsequently resumed operations on February 20, 2009. We completed and opened an expansion of the Hotel Royal Mocha outlet on February 5, 2008. On December 1, 2008, Mocha took over the management of Altira Macau slot machines. We completed and opened an expansion on the second floor of the Hotel Taipa Square Mocha Club outlet in December 2008. As of 31 December 2008, Mocha had 1,161 gaming machines in operation representing approximately 10% of the market total of machines installed.

# Consolidated Statements of Operations

In thousands of U.S. dollars, except share and per share data

	\$'000s		
	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
<b>Operating Revenues</b>			
<b>Casino</b>			
– Affiliated customer	–	–	16,276
– External customers	1,405,932	348,725	19,108
<b>Sub-total</b>	<b>1,405,932</b>	<b>348,725</b>	<b>35,384</b>
Rooms	17,084	5,670	–
Food and beverage	16,107	11,121	1,523
Entertainment, retail and others	5,396	1,964	–
Gross revenues	1,444,519	367,480	36,907
Less: promotional allowances	(28,385)	(8,984)	(806)
<b>Net revenues</b>	<b>1,416,134</b>	<b>358,496</b>	<b>36,101</b>
<b>Operating Costs and Expenses</b>			
Casino	(1,146,893)	(291,045)	(18,777)
Rooms	(1,342)	(2,222)	–
Food and beverage	(12,745)	(10,541)	(530)
Entertainment, retail and others	(1,240)	(504)	–
General and administrative	(104,034)	(96,037)	(18,616)
Pre-opening costs	(21,821)	(40,032)	(11,679)
Amortization of gaming subconcession	(57,237)	(57,190)	(14,309)
Amortization of land use rights	(18,269)	(17,276)	(12,358)
Depreciation and amortization	(51,379)	(39,466)	(9,845)
Impairment loss recognized on slot lounge services agreement	–	–	(7,640)
<b>Total operating costs and expenses</b>	<b>(1,414,960)</b>	<b>(554,313)</b>	<b>(93,754)</b>
<b>Operating Income (Loss)</b>	<b>1,174</b>	<b>(195,817)</b>	<b>(57,653)</b>

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	\$'000s		
	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
<b>Non-operating (Expenses) Income</b>			
Interest income	8,215	18,640	816
Interest expenses, net of capitalized interest	–	(770)	(11,184)
Write off of deferred financing costs	–	–	(12,698)
Amortization of deferred financing costs	(765)	(1,005)	–
Loan commitment fees	(14,965)	(4,760)	–
Foreign exchange gain, net	1,436	3,832	55
Other income, net	972	275	285
<b>Total non-operating (expenses) income</b>	<b>(5,107)</b>	<b>16,212</b>	<b>(22,726)</b>
<b>Loss Before Income Tax</b>	<b>(3,933)</b>	<b>(179,605)</b>	<b>(80,379)</b>
Income Tax Credit	1,470	1,454	1,885
<b>Loss Before Minority Interests</b>	<b>(2,463)</b>	<b>(178,151)</b>	<b>(78,494)</b>
Minority Interests	–	–	5,015
<b>Net Loss</b>	<b>(2,463)</b>	<b>(178,151)</b>	<b>(73,479)</b>
<b>Loss Per Share</b>			
<b>Basic and diluted</b>	<b>(0.002)</b>	<b>(0.145)</b>	<b>(0.116)</b>
<b>Shares Used In Loss Per Share Calculation:</b>			
Basic and diluted	1,320,946,942	1,224,880,031	633,228,439

The above table is an extract taken from the full financial statements contained in the Melco Crown Entertainment Limited 20-F filed on 31 March 2009 which also includes notes to the financial statements.

# Consolidated Balance Sheets

In thousands of U.S. dollars, except share and per share data

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\$'000s

	December 31, 2008	December 31, 2007
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	815,144	835,419
Restricted cash	67,977	298,983
Accounts receivable, net	72,755	49,390
Amounts due from affiliated companies	650	—
Inventories	2,170	1,484
Prepaid expenses and other current assets	17,556	15,715
<b>Total current assets</b>	<b>976,252</b>	<b>1,200,991</b>
Property and equipment, net	2,107,722	980,241
Gaming subconcession, net	771,216	828,453
Intangible assets, net	4,220	4,220
Goodwill	81,915	81,915
Long-term prepayment and deposits	60,894	15,832
Deferred tax assets	28	—
Deferred financing cost	49,336	48,295
Deposit for acquisition of land interest	12,853	12,853
Land use rights, net	433,853	447,468
<b>Total</b>	<b>4,498,289</b>	<b>3,620,268</b>

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\$'000s

	December 31, 2008	December 31, 2007
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	2,494	5,736
Accrued expenses and other current liabilities	442,671	468,236
Income tax payable	1,954	1,560
Amounts due to affiliated companies	1,985	6,602
Amounts due to shareholders	1,032	1,551
<b>Total current liabilities</b>	<b>450,136</b>	<b>483,685</b>
Long-term debt	1,412,516	500,209
Other long-term liabilities	38,304	11,074
Deferred tax liabilities	19,191	21,286
Loans from shareholders	115,647	114,616
Land use right payable	53,891	60,857
Commitments and contingencies	—	—
<b>Shareholders' Equity</b>		
Ordinary shares at US\$0.01 par value per share (Authorized — 1,500,000,000 shares and issued — 1,321,550,399 and 1,320,938,902 shares as of December 31, 2008 and 2007)	13,216	13,209
Treasury shares, at US\$0.01 par value per share 385,180 and nil shares as of December 31, 2008 and 2007	(4)	—
Additional paid-in capital	2,689,257	2,682,125
Accumulated other comprehensive losses	(35,685)	(11,076)
Accumulated losses	(258,180)	(255,717)
<b>Total shareholders' equity</b>	<b>2,408,604</b>	<b>2,428,541</b>
<b>Total</b>	<b>4,498,289</b>	<b>3,620,268</b>

The above table is an extract taken from the full financial statements contained in the Melco Crown Entertainment Limited 20-F filed on 31 March 2009 which also includes notes to the financial statements.

# Consolidated Statements of Shareholders' Equity

In thousands of U.S. dollars, except share and per share data

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\$'000s	Common Shares		Treasury Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Losses	Total Shareholders' Equity	Comprehensive Loss
	Shares	Amount	Shares	Amount					
<b>Balance At January 1, 2006</b>	500,000,000	5,000	–	–	237,779	–	(4,087)	238,692	
Net loss for the year	–	–	–	–	–	–	(73,479)	(73,479)	(73,479)
Foreign currency translation adjustment	–	–	–	–	–	740	–	740	740
Share-based compensation	–	–	–	–	278	–	–	278	
Shares issued upon initial public offering, net of offering expenses	180,931,146	1,809	–	–	1,065,665	–	–	1,067,474	
Shares issued during the year	500,000,000	5,000	–	–	315,000	–	–	320,000	
Capital contributions from shareholders	–	–	–	–	150,000	–	–	150,000	
Contribution from Melco	–	–	–	–	109,170	–	–	109,170	
Contribution of Melco Crown Gaming from PBL	–	–	–	–	77,491	–	–	77,491	
<b>Balance At December 31, 2006</b>	1,180,931,146	11,809	–	–	1,955,383	740	(77,566)	1,890,366	(72,739)
Net loss for the year	–	–	–	–	–	–	(178,151)	(178,151)	(178,151)
Foreign currency translation adjustment	–	–	–	–	–	(1,685)	–	(1,685)	(1,685)
Change in fair value of interest rate swap agreements	–	–	–	–	–	(10,131)	–	(10,131)	(10,131)
Share-based compensation	–	–	–	–	5,346	–	–	5,346	
Shares issued, net of offering expenses	139,612,500	1,396	–	–	721,400	–	–	722,796	
Shares issued upon restricted shares vested	395,256	4	–	–	(4)	–	–	–	
<b>Balance At December 31, 2007</b>	1,320,938,902	13,209	–	–	2,682,125	(11,076)	(255,717)	2,428,541	(189,967)
Net loss for the year	–	–	–	–	–	–	(2,463)	(2,463)	(2,463)
Change in fair value of interest rate swap agreements	–	–	–	–	–	(24,609)	–	(24,609)	(24,609)
Reversal of over-accrued offering expenses	–	–	–	–	117	–	–	117	
Share-based compensation	–	–	–	–	7,018	–	–	7,018	
Shares issued upon restricted shares vested	226,317	3	–	–	(3)	–	–	–	
Shares issued for future exercises of share options	385,180	4	(385,180)	(4)	–	–	–	–	
<b>Balance At December 31, 2008</b>	1,321,550,399	13,216	(385,180)	(4)	2,689,257	(35,685)	(258,180)	2,408,604	(27,072)

The above table is an extract taken from the full financial statements contained in the Melco Crown Entertainment Limited 20-F filed on 31 March 2009 which also includes notes to the financial statements.

# Consolidated Statements of Cash Flows

In thousands of U.S. dollars

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\$'000s

	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
<b>Cash Flows From Operating Activities</b>			
Net loss	(2,463)	(178,151)	(73,479)
<b>Adjustments to reconcile net loss to net cash (used in) provided by operating activities:</b>			
Depreciation and amortization	126,885	113,932	36,512
Amortization of deferred financing costs	765	1,005	–
Impairment loss recognized on slot lounge services agreement	–	–	7,640
Impairment loss recognized on property and equipment	17	421	1,116
(Gain) loss on disposal of property and equipment	(328)	585	24
Allowance for doubtful debts	5,378	2,733	–
Share-based compensation	6,855	5,256	278
Minority interests	–	–	(5,015)
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable	(28,743)	(51,711)	(377)
Amounts due from affiliated companies	89	151	1,276
Inventories	(686)	(1,288)	(109)
Prepaid expenses and other current assets	(1,503)	(13,924)	10,330
Long-term prepayment and deposits	1,219	(7,899)	(1,638)
Deferred tax assets	(28)	–	–
Accounts payable	(3,670)	3,172	2,360
Accrued expenses and other current liabilities	(110,567)	273,166	3,015
Income tax payable	394	1,301	(356)
Amounts due to affiliated companies	(3,461)	428	–
Other long-term liabilities	784	950	–
Deferred tax liabilities	(2,095)	(2,755)	(1,814)
<b>Net cash (used in) provided by operating activities</b>	<b>(11,158)</b>	<b>147,372</b>	<b>(20,237)</b>
<b>Cash Flows From Investing Activities</b>			
Acquisition of property and equipment	(1,053,992)	(668,281)	(22,743)
Deposits for acquisition of property and equipment	(34,699)	(5,356)	(3,555)
Payment for long-term prepayment	(16,127)	–	–
Restricted cash	231,006	(298,983)	–
Payment for land use rights	(42,090)	–	(12,371)
Proceeds from sale of property and equipment	2,300	–	24
<b>Net cash used in investing activities</b>	<b>(913,602)</b>	<b>(972,620)</b>	<b>(38,645)</b>

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\$'000s

	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
<b>Cash Flows From Financing Activities</b>			
Payment of deferred financing costs	(7,641)	(49,735)	–
Loans from shareholders	(181)	(96,583)	75,544
Amounts due to affiliated companies	–	–	(45,643)
Payment of principal of capital leases	–	(16)	(5)
Issue of share capital	–	722,796	1,067,474
Cash from contribution of Melco Crown Gaming from PBL	–	–	25,739
Proceeds from long-term debt	912,307	500,209	–
Repayment of bank loan	–	–	(500,000)
<b>Net cash provided by financing activities</b>	<b>904,485</b>	<b>1,076,671</b>	<b>623,109</b>
<b>Net (Decrease) Increase In Cash and Cash Equivalents</b>	<b>(20,275)</b>	<b>251,423</b>	<b>564,227</b>
<b>Cash and Cash Equivalents At Beginning of Year</b>	<b>835,419</b>	<b>583,996</b>	<b>19,769</b>
<b>Cash and Cash Equivalents At End of Year</b>	<b>815,144</b>	<b>835,419</b>	<b>583,996</b>

The above table is an extract taken from the full financial statements contained in the Melco Crown Entertainment Limited 20-F filed on 31 March 2009 which also includes notes to the financial statements.



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