The following is our selected combined financial information as of and for the years ended December 31, 2006, 2007 and 2008 and our combined financial information as of June 30, 2009 and for the six months ended June 30, 2008 and 2009, extracted from the "Accountant's Report" set out in Appendix I to this document. The selected combined financial information as of September 30, 2009 and for the three months ended September 30, 2008 and 2009 (except for adjusted EBITDAR data) reflects all adjustments that our management believes are necessary for the fair presentation of such information under IFRS. Results for interim periods are not indicative of results for the full year.

This selected combined financial information was prepared on the basis of presentation as set out in Note 1 of Section II of the Accountant's Report. The selected combined financial information should be read in conjunction with the combined financial statements set out in this document, including the related notes.

SELECTED FINANCIAL DATA

Combined Income Statements

	For the year ended December 31,			For the six months ended June 30,			For the three months ended September 30,	
	2006	2007	2008	2008	2009	2009	2008	2009
	US$ (audited)	US$ (audited)	US$ (audited)	US$ (unaudited)	US$ (audited)	HK$	US$ (unaudited)	US$ (unaudited)
				(in millions)				
Net revenues								
Casino	1,265.2	1,846.2	2,669.7	1,325.4	1,317.1	10,207.7	692.1	751.0
Rooms	0.1	49.3	140.0	67.5	55.5	429.9	34.2	31.3
Food and beverage	12.9	28.1	54.3	24.5	25.4	197.2	13.4	13.8
Mall	—	24.8	123.0	48.4	64.1	496.9	36.9	28.5
Convention, ferry, retail and other	2.9	17.9	66.4	24.8	38.4	297.7	20.1	21.5
Total net revenues	**1,281.1**	**1,966.2**	**3,053.3**	**1,490.6**	**1,500.6**	**11,629.5**	**796.7**	**846.0**
Operating expenses								
Casino	742.2	1,238.0	1,875.4	903.1	916.2	7,100.3	491.1	493.7
Rooms	0.2	13.1	32.2	16.2	14.0	108.2	7.6	5.9
Food and beverage	11.5	25.6	47.0	21.6	22.7	175.6	11.4	10.2
Mall	—	8.3	31.5	13.7	16.8	129.9	9.8	6.7
Convention, ferry, retail and other	3.0	24.8	109.4	46.2	59.7	462.5	36.7	31.6
Provision for doubtful accounts	0.4	1.2	15.0	0.9	18.7	145.2	4.7	13.8
General and administrative expense	68.7	146.6	269.0	146.8	115.9	898.0	66.3	56.9
Corporate expense	0.4	2.7	14.7	4.3	4.7	36.4	7.7	1.7
Land lease expense	0.8	9.8	11.9	5.9	6.1	47.5	2.9	3.1
Pre-opening expense	34.7	141.9	112.3	38.1	52.4	406.1	29.8	12.3
Development expense	2.7	—	—	—	—	—	—	—
Depreciation and amortization	35.2	104.0	268.2	123.4	158.4	1,227.9	69.7	80.1
Loss/(gain) on disposal of property and equipment	1.9	0.6	1.6	1.2	4.9	37.9	0.0	(0.3)
Fair value losses/(gains) on financial assets at fair value through profit or loss	0.5	0.6	0.0	(0.1)	—	—	0.0	0.5
Net foreign exchange losses/(gains)	0.7	5.2	(29.2)	(2.6)	0.1	1.0	(18.4)	(0.4)
Operating expenses	**902.8**	**1,722.3**	**2,759.3**	**1,318.7**	**1,390.5**	**10,776.5**	**719.6**	**715.8**
Operating profit	**378.3**	**243.9**	**294.0**	**171.9**	**110.1**	**853.1**	**77.1**	**130.2**
Interest income	27.8	29.2	4.8	2.5	0.3	2.2	1.4	0.2
Interest expense, net of amounts capitalized	(30.3)	(77.0)	(122.9)	(60.2)	(52.2)	(404.6)	(18.6)	(43.5)
Loss on modification of debt	—	—	—	—	—	—	—	(0.2)
Profit before income tax	**375.8**	**196.1**	**175.9**	**114.1**	**58.1**	**450.6**	**60.0**	**86.7**
Income tax (expenses)/credits	(0.0)	0.0	(0.2)	(0.1)	(0.2)	(1.3)	0.0	(0.1)
Profit for the year/period	**375.8**	**196.1**	**175.7**	**114.0**	**58.0**	**449.3**	**60.0**	**86.7**
Adjusted EBITDAR[(1)] (unaudited)	**457.7**	**514.3**	**686.0**	**349.2**	**337.7**	**2,616.8**	**171.8**	**228.2**

(1) Adjusted EBITDAR is profit before interest, income taxes, depreciation and amortization (net of amortization of show production costs), pre-opening expense, development expense, net foreign exchange losses (gains), loss on disposal of property and equipment, corporate expense, land lease expense, share-based compensation and fair value losses (gains) on financial assets at fair value through profit or loss. Adjusted EBITDAR is used by management as the primary measure of operating performance of our Group's properties and to compare the operating performance of our Group's properties with that of its competitors. However, adjusted EBITDAR should not be considered in isolation; construed as an alternative to profit or operating profit; as an indicator of our IFRS operating performance, other combined operations or cash flow data; or as an alternative to cash flow as a measure of liquidity. Adjusted EBITDAR presented in this document may not be comparable to other similarly titled measures of other companies. In addition, our adjusted EBITDAR presented in this document may differ from adjusted EBITDAR presented by LVS for its Macau segment in its filings with the U.S. Securities and Exchange Commission. For a quantitative reconciliation of adjusted EBITDAR to its most directly comparable IFRS measurement, operating profit for the years ended December 31, 2006, 2007 and 2008, for the six months ended June 30, 2008 and 2009 and for the three months ended September 30, 2008 and 2009, see "—Summary of Results of Operations—Adjusted EBITDAR."

Combined Balance Sheets

	As of December 31,			As of June 30,		As of September 30,
	2006	2007	2008	2009	2009	2009
	US$ (audited)	US$ (audited)	US$ (audited)	US$ (audited)	HK$	US$ (unaudited)
			(in millions)			
ASSETS						
Current assets						
Inventories	1.7	8.4	10.9	10.1	78.4	9.9
Trade and other receivables and prepayments, net	17.7	240.0	287.9	244.3	1,893.6	268.6
Restricted cash	233.4	59.2	124.1	172.1	1,333.9	196.7
Cash and cash equivalents	278.5	439.4	417.8	340.6	2,639.8	394.7
Total current assets	**531.2**	**747.0**	**840.7**	**767.2**	**5,945.7**	**869.9**
Non-current assets						
Investment properties, net	—	292.7	338.0	621.7	4,818.5	663.2
Leasehold interests in land, net	8.6	234.6	274.4	284.5	2,205.2	281.5
Property and equipment, net	2,008.7	3,568.7	5,235.8	5,008.0	38,811.7	4,991.8
Intangible assets, net	3.5	5.5	46.2	43.7	339.0	41.6
Deferred income tax assets, net	—	0.1	0.2	0.2	1.2	0.1
Financial assets at fair value through profit or loss	0.5	0.0	—	—	—	2.2
Other assets	2.4	34.7	60.8	58.2	451.2	54.1
Trade and other receivables and prepayments, net	—	25.1	91.5	61.7	478.0	21.2
Restricted cash	232.1	—	—	—	—	—
Total non-current assets	**2,255.7**	**4,161.5**	**6,046.9**	**6,078.0**	**47,104.8**	**6,055.8**
Total assets	**2,786.9**	**4,908.5**	**6,887.6**	**6,845.2**	**53,050.5**	**6,925.6**
LIABILITIES						
Current liabilities						
Trade and other payables	544.2	912.3	1,982.0	1,977.9	15,329.1	1,414.0
Current income tax liabilities	0.0	0.0	0.2	0.4	3.0	0.3
Borrowings	0.3	6.3	44.3	70.8	548.8	87.9
Total current liabilities	**544.6**	**918.6**	**2,026.6**	**2,049.2**	**15,880.9**	**1,502.1**
Non-current liabilities						
Trade and other payables	0.3	6.8	12.7	12.9	99.8	13.0
Borrowings	1,387.1	2,935.2	3,598.9	3,471.7	26,905.4	4,009.6
Total non-current liabilities	**1,387.4**	**2,942.1**	**3,611.5**	**3,484.5**	**27,005.1**	**4,022.6**
Total liabilities	**1,932.0**	**3,860.7**	**5,638.1**	**5,533.7**	**42,886.1**	**5,524.7**
EQUITY						
Capital and reserves attributable to equity holders of our Company						
Combined capital	—	—	—	—	—	—
Capital reserve	80.0	80.0	80.0	80.0	620.4	80.7
Statutory reserve	6.2	6.2	6.2	6.3	48.9	6.3
Share-based compensation reserve	—	—	17.5	21.4	165.7	23.5
Currency translation reserve	0.5	(2.8)	5.6	5.8	45.1	5.8
Retained earnings	768.2	964.4	1,140.1	1,198.0	9,284.3	1,284.6
Total equity	**855.0**	**1,047.9**	**1,249.5**	**1,311.5**	**10,164.5**	**1,400.9**
Total equity and liabilities	**2,786.9**	**4,908.5**	**6,887.6**	**6,845.2**	**53,050.5**	**6,925.6**
Net current liabilities	**(13.4)**	**(171.6)**	**(1,185.8)**	**(1,282.0)**	**(9,935.2)**	**(632.3)**
Total assets less current liabilities	**2,242.4**	**3,989.9**	**4,861.1**	**4,796.1**	**37,169.6**	**5,423.5**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited combined financial information as of and for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, including the notes thereto, included in the "Accountant's Report" set out in Appendix I to this document. Our audited combined financial information has been prepared in accordance with IFRS. Our combined financial information as of September 30, 2009 and for the three months ended September 30, 2008 and 2009 (except for adjusted EBITDAR data) reflects all adjustments that our management believes are necessary for the fair presentation of such information under IFRS. The following discussion involves forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties. See "Risk Factors."

OVERVIEW

We are the leading developer, owner and operator of integrated resorts and casinos in Macau as measured by EBITDA for the year ended December 31, 2008 and the six months ended June 30, 2009.[1] We are the largest operator of integrated resorts in Macau, which contain not only gaming areas but also convention and exhibition halls, retail and dining areas and entertainment venues. We believe that our integrated resorts are unique to Macau and are what differentiate us from our competitors. VML, our subsidiary, holds one of six concessions or subconcessions permitted by the Macau Government to operate casinos or gaming areas in Macau. Macau is the largest gaming market in the world as measured by casino gaming revenue and is the only location in China offering legalized casino gaming.

We own The Venetian Macao, the Sands Macao and the Plaza. We also own one of the largest convention and exhibition halls in Asia, Macau's largest entertainment venue, The CotaiArena™, and one of three major high speed ferry companies operating between Hong Kong and Macau. Our luxury and mid-market retail malls feature over 380 shops with well-known retail brands such as Calvin Klein, Cartier, Chanel, Esprit, Gucci, Hermès, Louis Vuitton, Nike and Prada as well as the Malo Clinic and Spa, one of Asia's largest medical and beauty spas. As of June 30, 2009, our properties featured 3,554 suites and hotel rooms, 1,098 table games, 3,631 slot machines, over 60 different restaurants and food outlets as well as other integrated resort amenities.

Our business strategy is to develop Cotai and to leverage our integrated resort business model to create Asia's premier gaming, leisure and convention destination. Our ultimate plans for Cotai include five interconnected integrated resorts, which leverage a wide range of branded hotel and resort offerings to attract different segments of the market. When complete, we expect our Cotai Strip development to contain over 20,000 hotel rooms, approximately 1.6 million square feet of MICE space, over 2.0 million square feet of retail malls, six theaters and other amenities. We believe our business strategy and development plan will allow us to achieve more consistent demand, longer average lengths of stay in our hotels and higher margins than more gaming-centric facilities.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Key factors affecting our financial condition and results of operations include:

Growth of Macau's Gaming and Tourism Markets

Macau is the only region in China offering legal casino gaming. In addition to Macau's unique position as the only gaming enclave in China, the gaming and tourism markets in Macau have also historically benefited from a combination of macroeconomic and demographic drivers.

(1) Based on publicly available information, including company financial reports.

Historically, Macau's gaming industry was a monopoly. Following the liberalization of Macau's gaming industry and the continued development of Macau's tourism and transportation infrastructure, the number of casinos in Macau increased from 15 as of December 31, 2004 to 32 as of June 30, 2009 and total gaming revenue increased from approximately US$5.4 billion in 2004 to approximately US$13.7 billion in 2008, reflecting a CAGR of 26.0%. During the six months ended June 30, 2009, total gaming revenue was approximately US$6.4 billion. Casino gaming has consistently accounted for the majority of gaming revenues generated in Macau.

In 2006, casino gaming revenue in Macau surpassed that of Las Vegas, making Macau the largest gaming market in the world by casino gaming revenue. In 2008, Macau's casino gaming revenue was almost twice as large as that of Las Vegas and over three times as large as that of Atlantic City.

The majority of visitors to Macau in recent years have been from mainland China and Hong Kong, accounting for 81.2% of visitors during 2008 according to Macau Government statistics. Mainland China is one of the world's fastest growing major economies and is expected to continue to contribute significantly to the gaming and tourism markets in Macau. Hong Kong enjoys one of the highest per capita income in the region, has convenient transportation links to Macau and is expected to be a continued significant source of visitors. Moreover, strong economic growth leading to large and growing middle and upper-middle classes in Asia with large disposable income has also contributed, and we expect to continue to contribute, to the increase in the number of visitors to Macau. In addition to mainland China and Hong Kong, other major sources of visitation include Thailand, Taiwan, South Korea and Japan, among others. See "Industry Overview."

While the general global and regional economic slowdown has resulted in a recent decline in the number of visitors to and gaming revenue in Macau, we believe that, over the long term, the economy of mainland China and the region generally is likely to grow significantly, and that, accordingly, the growth of Macau's gaming and tourism markets is likely to continue. See "Risk Factors—Risks Relating to Our On-going Operations—Our business is particularly sensitive to reductions in discretionary consumer spending resulting from downturns in the economy or other factors."

The Development and Opening of Our Properties

Our results of operations are significantly affected by the development and opening of our properties. The commencement of operations of a property can be, and historically has been, the primary driver for changes in our results of operations. When a property commences operations, we begin recording the related revenues and expenses as well as depreciation and interest expense. In 2006, our only property in operation was the Sands Macao, while The Venetian Macao and the Plaza opened in August 2007 and August 2008, respectively. In addition, expenses incurred prior to the opening of a property could be significant. For example, in 2008, we incurred significant pre-opening costs in connection with the Plaza. We anticipate our pre-opening costs for the year ending December 31, 2009 will be significant due to the suspension of our construction of Parcels 5 and 6 of our Cotai Strip development, as expenses associated with the development are not capitalized during the suspension period. For the six months ended June 30, 2009, these suspension costs accounted for US$41.8 million of the total pre-opening expenses of US$52.4 million.

Future Focus on High Margin Gaming Business Segments

We seek to attract mass market players as well as high-end VIP and premium players. As of June 30, 2009, our properties contained approximately 849,000 square feet of gaming space, 1,098 table games and 3,631 slot machines, of which 797 tables were dedicated to mass market play. We believe that the non-gaming elements of our properties will also attract an increasing number of mass market players. Our management estimates that our mass market table revenues generate a gross margin that is approximately four times higher than that of our typical VIP player table revenues. This is primarily because we do not pay our mass market players commissions to attract their business and we do not provide extensive complimentary services, such as hotel rooms, meals or other amenities. Because mass market players do not require extensive complimentary services, their consumption of our non-gaming services contribute to our non-gaming revenues.

At the same time, we are focused on increasing the premium player market segment of our rolling chip volume. Our management estimates that our premium player table revenues generate a gross margin that is approximately 1.0 to 1.5 times higher than our typical VIP player table revenues. This is primarily because the commissions we typically pay to premium players are lower than those we pay to Gaming Promoters. We plan to increase our market share in the premium player market segment through direct marketing efforts and by leveraging our Paiza brand and offering amenities that enable us to differentiate our properties from those of our competitors, many of whom are more reliant on Gaming Promoters for their VIP patronage. We offer some of our premium players lodging in our exclusive Paiza suites and mansions, which include private gaming and concierge services.

The following table summarizes the breakdown of gaming revenue and gross gaming profit between mass market play and rolling chip play, which includes VIP and premium players:

	For the year ended December 31, 2008	For the six months ended June 30, 2009
Gross Gaming Revenue		
Rolling Chip Play	56.9%	56.0%
Mass Market Play	43.1%	44.0%
	100.0%	100.0%
Gross Gaming Profit		
Rolling Chip Play	27.6%	18.1%
Mass Market Play	72.4%	81.9%
	100.0%	100.0%

We expect the mass market proportion of our business to continue to increase in the future as players in this segment are increasingly drawn to Macau by the combination of gaming, MICE and leisure offerings at our properties and elsewhere in the market.

Business Operational Efficiency Initiatives

We established a cost savings program in early 2008 to improve operational efficiencies and eliminate positions that have become redundant. This program includes initiatives to decrease payroll expenses as well as non-payroll related expenses, such as utilities, bank charges and operating supplies. We have right-sized the number of casino tables and optimized transportation services for our staff and guests. Our cost savings program remains an important component of our operating strategy and although we have already completed the majority of our headcount reduction, we expect to implement the remaining cost savings initiatives by December 31, 2009. Management believes that these cost savings will provide enhanced operating leverage once the global economy improves.

Finance Costs and Depreciation

We are a growing company with significant financial needs. Since opening the Sands Macao in 2004, we opened The Venetian Macao and the Plaza and commenced our ferry operations. The commencement and continued operation of these projects requires significant capital expenditures. As of December 31, 2006, 2007 and 2008, our net current liabilities were US$13.4 million, US$171.6 million and US$1,185.8 million, respectively. As of June 30, 2009, our net current liabilities were US$1,282.0 million (HK$9,935.2 million) of which US$1,233.8 million (HK$9,562.2 million) were payables to related companies that will be repaid by or extinguished upon completion of the [●]. As of

December 31, 2006, 2007 and 2008 and as of June 30, 2009, our total borrowings amounted to US$1,387.5 million, US$2,941.5 million, US$3,643.2 million and US$3,542.5 million (HK$27.5 billion), respectively. In addition, as of December 31, 2006, 2007 and 2008 and as of June 30, 2009, we had total capital commitments of US$4,277.0 million, US$10,163.5 million, US$7,719.0 million and US$2,187.3 million (HK$17.0 billion), respectively.

We expect to have significant capital expenditures in the foreseeable future as we continue to develop our properties. In addition, we have incurred, and will continue to incur, significant capital expenditures associated with the development of new integrated resorts in our Cotai Strip development as part of our strategy of building critical mass at our Cotai Strip development. See “Risk Factors—Risks Relating to Our On-going Operations” and Risk Factors—Risks Relating to Our Cotai Strip Development.”

When we place an asset in service, we cease to capitalize interest expense and begin to incur depreciation. Our results of operations have been, and will continue to be, affected by increased pre-opening expenses, depreciation and amortization, and interest expense. When construction of our projects is suspended, as in the case of Parcels 5 and 6 of our Cotai Strip development, our results of operations are materially impacted as we cannot capitalize certain operating and financing expenses incurred during the suspension period. During such periods, we continue to incur costs to maintain the development sites.

Historically, we relied substantially on our operating cash flow, borrowings from third parties as well as equity contributions and other financing from the LVS Group to meet our financing needs. Our major financings are the Macau Credit Facility and the Ferry Financing Facility. See “—Description of Material Indebtedness.” We intend to fund our capital expenditure plans through a combination of debt and equity financings and internal resources, including the proceeds of [●]. See “—Capital Expenditures.”

Competition

We compete in the casino gaming industry as well as the hotel, MICE and retail businesses. VML is one of six Concessionaires or Subconcessionaires that is permitted to operate gaming facilities in Macau. Although no additional operators are currently permitted to enter the gaming industry in Macau, we expect competition among the existing six Concessionaires or Subconcessionaires to continue and, in certain instances, intensify. Largely as a result of a combination of increased volume and increasing competition, we have increased the amount of credit extended to our premium players and Gaming Promoters. Credit table games play represented approximately 5.1%, 10.7%, 23.7%, 18.2% and 29.4% in the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2008 and 2009, respectively, of total table games play. See “—Critical Accounting Policies and Estimates—Allowance for Doubtful Accounts.” Although we have not been operating in Macau for as long as some of our other competitors, we believe that we enjoy a first-mover advantage by having introduced Las Vegas-style casinos in Asia. We expect competition in Macau to intensify with the opening of new larger-scaled resorts, including those we intend to open as well as those to be opened by our competitors. Competition for the hotel, MICE and retail businesses in Macau has recently increased and we expect such trend to continue in the near future. In addition, our operations compete with similar businesses in other parts of Asia, including key tourism markets such as Hong Kong and Singapore. See “Industry Overview.”

BASIS OF PRESENTATION

LVS owned and controlled our Company before the Reorganization and continues to control our Company after the Reorganization. The Reorganization is considered as a business combination under common control in a manner similar to pooling of interests. The financial information includes the combined financial position, results and cash flows of the companies now comprising our Group as if the existing group structure had been in existence throughout the Track Record Period or since the respective dates of incorporation/establishment or acquisition, whichever is the shorter period.

The financial information has been prepared in accordance with IFRS under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The preparation of the financial information in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in applying our Group's accounting policies.

SUMMARY OF RESULTS OF OPERATIONS

The following table summarizes our results of operations:

	For the year ended December 31,			For the six months ended June 30,		For the three months ended September 30,	
	2006	2007	2008	2008	2009	2008	2009
	(audited)	(audited)	(audited)	(unaudited)	(audited)	(unaudited)	(unaudited)
				(US$ in millions)			
Net revenues	1,281.1	1,966.2	3,053.3	1,490.6	1,500.6	796.7	846.0
Operating expenses	902.8	1,722.3	2,759.3	1,318.7	1,390.5	719.6	715.8
Operating profit	378.3	243.9	294.0	171.9	110.1	77.1	130.2
Profit before income tax	375.8	196.1	175.9	114.1	58.1	60.0	86.7
Profit for the year/period	375.8	196.1	175.7	114.0	58.0	60.0	86.7
Adjusted EBITDAR(1) (unaudited)	457.7	514.3	686.0	349.2	337.7	171.8	228.2

(1) Adjusted EBITDAR is defined in "Financial Information—Summary of Results of Operations—Adjusted EBITDAR."

The following table summarizes certain line items as a percentage of net revenues:

	For the year ended December 31,			For the six months ended June 30,		For the three months ended September 30,	
	2006	2007	2008	2008	2009	2008	2009
Operating expenses	70.5%	87.6%	90.4%	88.5%	92.7%	90.3%	84.6%
Operating profit	29.5%	12.4%	9.6%	11.5%	7.3%	9.7%	15.4%
Profit before income tax	29.3%	10.0%	5.8%	7.7%	3.9%	7.5%	10.2%
Profit for the year/period	29.3%	10.0%	5.8%	7.6%	3.9%	7.5%	10.2%
Adjusted EBITDAR(1) (unaudited)	35.7%	26.2%	22.5%	23.4%	22.5%	21.6%	27.0%

(1) Adjusted EBITDAR is defined in "Financial Information—Summary of Results of Operations—Adjusted EBITDAR."

The following table sets forth the reconciliation of adjusted EBITDAR to profit. Adjusted EBITDAR is profit before interest, income taxes, depreciation and amortization (net of amortization of show production costs), pre-opening expense, development expense, net foreign exchange losses (gains), loss on disposal of property and equipment, corporate expense, land lease expense, share-based compensation and fair value losses (gains) on financial assets at fair value through profit or loss. With respect to adjusted EBITDAR for each of our properties, we make allocations of the shared support expenses based on revenue attributable to each property. Adjusted EBITDAR is used by management as the primary measure of operating performance of our Group's properties and to compare the operating performance of our Group's properties with that of its competitors. However, adjusted EBITDAR should not be considered in isolation; construed as an alternative to profit or operating profit; as an indicator of our IFRS operating performance, other combined operations or cash flow data; or as an alternative to cash flow as a measure of liquidity. Adjusted EBITDAR presented in this document may not be comparable to other similarly titled measures of other companies. In addition, our adjusted EBITDAR presented in this document may differ from adjusted EBITDAR presented by LVS for its Macau segment in its filings with the U.S. Securities and Exchange Commission.

	For the year ended December 31,			For the six months ended June 30,		For the three months ended September 30,	For the three months ended September 30,
	2006	2007	2008	2008	2009	2008	2009
	(US$ in millions)						
Adjusted EBITDAR (unaudited)	**457.7**	**514.3**	**686.0**	**349.2**	**337.7**	**171.8**	**228.2**
Share-based compensation granted to employees by LVS	(4.1)	(9.6)	(15.2)	(7.3)	(3.5)	(4.0)	(2.0)
Corporate expense	(0.4)	(2.7)	(14.7)	(4.3)	(4.7)	(7.7)	(1.7)
Land lease expense	(0.8)	(9.8)	(11.9)	(5.9)	(6.1)	(2.9)	(3.1)
Pre-opening expense(1)	(33.2)	(138.0)	(111.4)	(37.9)	(52.0)	(29.4)	(12.3)
Development expense	(2.7)	—	—	—	—	—	—
Depreciation and amortization	(35.2)	(104.0)	(268.2)	(123.4)	(158.4)	(69.7)	(80.1)
Amortization of show production costs	—	—	1.9	—	2.1	0.8	1.1
Net foreign exchange (losses)/gains	(0.7)	(5.2)	29.2	2.6	(0.1)	18.4	0.4
(Loss)/gain on disposal of property and equipment	(1.9)	(0.6)	(1.6)	(1.2)	(4.9)	(0.0)	0.3
Fair value (losses)/gains on financial assets at fair value through profit or loss	(0.5)	(0.6)	(0.0)	0.1	—	(0.0)	(0.5)
Operating profit	**378.3**	**243.9**	**294.0**	**171.9**	**110.1**	**77.1**	**130.2**
Interest income	27.8	29.2	4.8	2.5	0.3	1.4	0.2
Interest expense, net of amounts capitalized	(30.3)	(77.0)	(122.9)	(60.2)	(52.2)	(18.6)	(43.5)
Loss on modification of debt	—	—	—	—	—	—	(0.2)
Profit before income tax	**375.8**	**196.1**	**175.9**	**114.1**	**58.1**	**60.0**	**86.7**
Income tax (expenses)/credits	(0.0)	0.0	(0.2)	(0.1)	(0.2)	0.0	(0.1)
Profit for the year/period	**375.8**	**196.1**	**175.7**	**114.0**	**58.0**	**60.0**	**86.7**

(1) Pre-opening expense excludes share-based compensation expense of US$1.5 million, US$3.8 million, US$0.9 million, US$0.2 million and US$0.4 million for the years ended December 31, 2006, 2007 and 2008 and for the six months ended June 30, 2008 and 2009, respectively. Pre-opening expense for the three months ended September 30, 2009 excluded share-based compensation expense of US$0.1 million.

KEY COMPONENTS OF OUR OPERATING RESULTS

The key components of our operating results are set forth below.

Net casino revenue: Gross casino revenue is the aggregate of gaming wins and losses. We record commissions rebated directly or indirectly through Gaming Promoters to customers, cash discounts and other cash incentives to customers related to gaming play as a reduction to gross casino revenue to obtain net casino revenue. We segregate table games into two groups, consistent with the Macau market's convention: rolling chip play, which are all VIP and premium players, and non-rolling chip play, which are mostly non-VIP players. The volume measurement for rolling chip play is non-negotiable gaming chips wagered and lost. The volume measurement for non-rolling chip play is table games drop. Rolling chip volume and non-rolling chip volume measurements are not comparable as amounts wagered are substantially higher than amounts dropped. Slot handle is the gross amount wagered or coins placed into slot machines in aggregate for the relevant period.

We measure rolling chip table games win as a percentage of rolling chip volume, non-rolling chip table games win as a percentage of non-rolling chip drop and slot hold as a percentage of slot handle. Win or hold percentage represents the percentage of rolling chip volume and non-rolling chip drop or handle, respectively, that is won by the casino and recorded as casino revenue. In our experience, average win percentages remain steady when measured over extended periods of time but can vary considerably within shorter time periods as a result of the statistical variances that are associated with games of chance in which large amounts are wagered. Additionally, management actions in terms of adjusting table games mix may also affect win percentage for table games.

Net room revenue: Gross room revenue is revenue derived from occupancy of our hotel rooms. Rooms that are offered to our customers on a complimentary basis are recorded as a deduction from gross revenue to obtain net revenue.

We measure our performance by occupancy, ADR and revenue per available room. Complimentary rooms, which are set at a discount from standard walk-in rates, are included in the calculation of these measures. Room occupancy rate is the average percentage of available hotel rooms occupied during a period while ADR is the average price of occupied rooms per day. Revenue per available room represents a summary of average daily rates and occupancy. Because not all available rooms are occupied, average daily rates are normally higher than revenue per available room. Reserved rooms where the guests do not show up for their stay and lose their deposit may be re-sold to walk-in guests. These rooms are considered to be occupied twice for statistical purposes since the original deposit and the payment by the walk-in guest are both recorded as revenue. In cases where a significant number of rooms are re-sold, occupancy rates may be in excess of 100% and revenue per available room may be higher than the average daily rate. Room revenues are not material for the Sands Macao as these rooms are primarily provided to customers on a complimentary basis.

Net food and beverage revenue: Gross food and beverage revenue is derived from the sale of food and beverage offerings in outlets that we own and operate, including those located in our hotel facilities. Food and beverage services offered on a complimentary basis are recorded as a deduction from gross revenue to obtain net revenue.

Mall revenue: Mall revenue is derived from our granting the right of use to retailers in The Grand Canal Shoppes at The Venetian Macao and The Shoppes at Four Seasons, and related management fees, other license fees and levies. Payments from our retailers are calculated based on periodic fixed amounts, on turnover based formulas, or a combination thereof.

Net convention, ferry, retail and other revenue: Gross convention, ferry, retail and other revenue are derived from the services rendered for the leasing of convention and meeting space, entertainment revenue from theater shows, concerts and sporting events, ferry ticket sales, retail sales and other services. Services that are offered on a complimentary basis are recorded as a deduction from gross revenue to obtain net revenue.

Casino expenses: Casino expenses consist primarily of gaming taxes and a gaming premium, rolling commissions paid to Gaming Promoters (net of amounts indirectly rebated to customers), payroll expenses and gaming supplies. Gaming taxes include a 35.0% special gaming tax and a 4.0% special levy on casino revenues payable to the Macau Government. The gaming premium consists of a fixed portion and a variable portion based on the number of VIP gaming tables, mass market gaming tables and gaming machines, including slot machines. See "The Subconcession."

Room expenses: Room expenses consist primarily of payroll expenses, supplies and laundry expenses.

Food and beverage expenses: Food and beverage expenses include the costs associated with our food and beverage outlets, as well as operating supplies and payroll expenses.

Mall expenses: Mall expenses primarily include the costs associated with common area maintenance, promotional activities and mall management services.

Convention, ferry, retail and other expenses: These expenses include, but are not limited to, expenses for ferry fuel and maintenance, payroll and operating expenses.

Provision for doubtful accounts: Our provision for doubtful accounts primarily relates to receivables due from our gaming patrons and retailers. Provision for doubtful accounts can vary over short periods of time because of factors specific to the customers or retailers who owe us money at any given time. We believe that the amount of our provision for doubtful accounts in the future will depend upon the state of the economy, our credit standards, our risk assessments and the judgment of management responsible for granting credit.

General and administrative expenses: General and administrative expenses include payroll, marketing and advertising and other property operating expenses.

Pre-opening expenses: Pre-opening expenses represent payroll expenses, professional fees and other costs incurred prior to the opening of new ventures, which are expensed as incurred.

RECENT DEVELOPMENTS

Three Months Ended September 30, 2009 Compared to the Three Months Ended September 30, 2008

The selected combined financial information as of and for the three months ended September 30, 2008 and 2009 (except for adjusted EBITDAR data) reflects all adjustments that our management believes are necessary for the fair presentation of such information under IFRS. Results for interim periods are not indicative of results for the full year.

Net Revenues

Our net revenues consisted of the following:

	For the three months ended September 30,		
	2008	2009	Percent Change
	(US$ in millions, except percentages)		
Casino	692.1	751.0	8.5%
Rooms	34.2	31.3	(8.5)%
Food and beverage	13.4	13.8	3.0%
Mall	36.9	28.5	(22.8)%
Convention, ferry, retail and other	20.1	21.5	7.0%
Total net revenues	**796.7**	**846.0**	**6.2%**

Net revenues were US$846.0 million for the three months ended September 30, 2009, an increase of US$49.3 million, or 6.2%, compared to US$796.7 million for the three months ended September 30, 2008. The increase was primarily due to the full quarter of operations of the Plaza, which opened in August 2008. This increase was partially offset by decreases in room and mall revenues primarily due to the global economic downturn and the resulting decrease in consumer spending.

Net casino revenues for the three months ended September 30, 2009 were US$751.0 million, an increase of US$58.9 million, or 8.5%, compared to US$692.1 million for the three months ended September 30, 2008. Net casino revenues of the Sands Macao and Plaza increased by US$31.8 million and US$38.9 million, respectively, as a result of a higher win percentage at the Sands Macao and a full quarter of operations of the Plaza. These increases were partially offset by a decrease of US$11.8 million of net casino revenue in The Venetian Macao.

The following table summarizes the results of our casino activity:

	For the three months ended September 30,		
	2008	2009	Percent Change
	(US$ in millions, except percentages and basis points)		
The Venetian Macao			
Total net casino revenues	432.6	420.8	(2.7)%
Non-rolling chip table games drop	930.6	834.9	(10.3)%
Non-rolling chip table games win percentage	19.7%	23.0%	3.3 pts
Rolling chip volume	9,778.7	9,062.2	(7.3)%
Rolling chip win percentage	3.1%	2.8%	(0.3) pts
Slot handle	549.9	609.7	10.9%
Slot hold percentage	7.8%	7.5%	(0.3) pts
Sands Macao			
Total net casino revenues	243.6	275.4	13.1%
Non-rolling chip table games drop	652.3	626.4	(4.0)%
Non-rolling chip table games win percentage	17.9%	19.0%	1.1 pts
Rolling chip volume	7,256.4	5,479.1	(24.5)%
Rolling chip win percentage	2.4%	3.4%	1.0 pts
Slot handle	273.1	327.5	19.9%
Slot hold percentage	7.3%	6.6%	(0.7) pts
Plaza			
Total net casino revenues	15.9	54.8	244.7%
Non-rolling chip table games drop	16.7	82.9	396.4%
Non-rolling chip table games win percentage	18.4%	22.3%	3.9 pts
Rolling chip volume	165.2	2,183.7	1,221.9%
Rolling chip win percentage	8.3%	2.3%	(6.0) pts
Slot handle	7.9	60.6	667.1%
Slot hold percentage	6.4%	5.4%	(1.0) pts

Net room revenues for the three months ended September 30, 2009 were US$31.3 million, a decrease of US$2.9 million, or 8.5%, compared to US$34.2 million for the three months ended September 30, 2008. This decrease resulted primarily from our introduction of lower room rates at The Venetian Macao in response to declining occupancy resulting from global economic downturn, the outbreak of swine flu in the region and visa restrictions for residents of mainland China. The decrease in net room revenues at The Venetian Macao was partially offset by the full quarter of operations of the Plaza.

The following table summarizes our room activity. The suites at the Sands Macao are primarily provided to gaming patrons on a complimentary basis and therefore related statistics have not been included.

	For the three months ended September 30,		
	2008	2009	Percent Change
	(US$, except percentages and basis points)		
The Venetian Macao			
Gross room revenues (in millions)	51.1	45.0	(11.9)%
Average daily rate	211	198	(6.2)%
Occupancy rate	92.1%	88.1%	(4.0) pts
Revenue per available room	194	175	(9.8)%
Plaza			
Gross room revenues (in millions)	0.5	5.5	1,000.0%
Average daily rate	440	294	(33.2)%
Occupancy rate	31.4%	56.2%	24.8 pts
Revenue per available room	138	165	19.6%

Note: Information in this table takes into account rooms provided to customers on a complimentary basis that are recorded at discounted rates.

Net food and beverage revenues for the three months ended September 30, 2009 were US$13.8 million, a slight increase of US$0.4 million, or 3.0%, compared to US$13.4 million for the three months ended September 30, 2008.

Mall revenues for the three months ended September 30, 2009 were US$28.5 million, a decrease of US$8.4 million, or 22.8%, compared to US$36.9 million for the three months ended September 30, 2008. The decrease was primarily attributable to the global economic downturn and the resulting decrease in consumer spending.

Net convention, ferry, retail and other revenues for the three months ended September 30, 2009 was US$21.5 million, an increase of US$1.4 million, or 7.0%, compared to US$20.1 million for the three months ended September 30, 2008. The increase was primarily attributable to an increase in ferry revenues resulting from an increase in the number of sailings as we added new vessels.

Operating Expenses

Our operating expenses consist of the following:

	For the three months ended September 30,		
	2008	2009	Percent Change
	(US$ in millions, except percentages)		
Casino	491.1	493.7	0.5%
Rooms	7.6	5.9	(22.4)%
Food and beverage	11.4	10.2	(10.5)%
Mall	9.8	6.7	(31.6)%
Convention, ferry, retail and other	36.7	31.6	(13.9)%
Provision for doubtful accounts	4.7	13.8	193.6%
General and administrative expense	66.3	56.9	(14.2)%
Corporate expense	7.7	1.7	(77.9)%
Land lease expense	2.9	3.1	6.9%
Pre-opening expense	29.8	12.3	(58.7)%
Depreciation and amortization	69.7	80.1	14.9%
Loss/(gain) on disposal of property and equipment	0.0	(0.3)	—
Fair value losses on financial assets at fair value through profit or loss	0.0	0.5	—
Net foreign exchange gains	(18.4)	(0.4)	(97.8)%
Total operating expenses	**719.6**	**715.8**	**(0.5)%**

Operating expenses were US$715.8 million for the three months ended September 30, 2009, a slight decrease of US$3.8 million, or 0.5%, compared to US$719.6 million for the three months ended September 30, 2008. The decrease in operating expenses was primarily attributable to the decrease in pre-opening expenses and general and administrative expense, partially offset by increases in provision for doubtful accounts and deprecation and amortization expenses, as more fully described below.

Casino expenses for the three months ended September 30, 2009 were US$493.7 million, a slight increase of US$2.6 million, or 0.5%, compared to US$491.1 million for the three months ended September 30, 2008. The increase was primarily due to the increase in total gaming tax and gaming premium of US$15.4 million relating to the increase of gaming revenue. The increase was partially offset by a decrease in payroll-related expenses of US$11.7 million driven by our cost saving initiatives.

Room expenses for the three months ended September 30, 2009 were US$5.9 million, a decrease of US$1.7 million, or 22.4%, compared to US$7.6 million for the three months ended September 30, 2008. Payroll-related expenses decreased by US$1.8 million driven by our cost saving initiatives.

Food and beverage expenses for the three months ended September 30, 2009 were US$10.2 million, a decrease of US$1.2 million, or 10.5%, compared to US$11.4 million for the three months ended September 30, 2008. The decrease in food and beverage related expenses primarily relate to a decrease in payroll-related expenses of US$4.0 million, which were driven by our cost saving initiatives at The Venetian Macao and the Sands Macao. Total expenses attributable to the newly opened Plaza for the three months ended September 30, 2009 increased by US$2.0 million due to the full quarter of operations.

Mall expenses for the three months ended September 30, 2009 were US$6.7 million, a decrease of US$3.1 million, or 31.6%, compared to US$9.8 million for the three months ended September 30, 2008, primarily driven by our cost saving initiatives in payroll, utilities and other maintenance expenses.

Convention, ferry, retail and other expenses for the three months ended September 30, 2009 were US$31.6 million, a decrease of US$5.1 million, or 13.9%, compared to US$36.7 million for the three months ended September 30, 2008. The decrease was primarily driven by our cost saving initiatives in payroll and contract entertainment.

Provision for doubtful accounts was US$13.8 million for the three months ended September 30, 2009 compared to US$4.7 million for the three months ended September 30, 2008. Of the increase, US$8.0 million related to our casino operations as we granted more advances to our premium players in relation to the opening of new properties and US$1.2 million related to mall operations as our tenants experienced difficulties driven by reduced visitation and consumer spending at the properties as a result of the economic downturn.

General and administrative expenses were US$56.9 million for the three months ended September 30, 2009, a decrease of US$9.4 million, or 14.2%, compared to US$66.3 million for the three months ended September 30, 2008. The decrease was primarily driven by our cost saving initiatives in payroll-related expenses, utilities, transportation costs and bank charges, resulting in a decrease of US$10.4 million at the Sands Macao and The Venetian Macao. The decrease was partially offset by US$2.6 million attributable to the full quarter of operations at the newly opened Plaza.

Pre-opening expenses were US$12.3 million for the three months ended September 30, 2009, a decrease of US$17.5 million, or 58.7%, compared to US$29.8 million for the three months ended September 30, 2008. Pre-opening expenses for the three months ended September 30, 2009 were primarily related to costs associated with the suspension of construction at Parcels 5 and 6 of our Cotai Strip development, and maintenance of these construction sites. Pre-opening expenses for the three months ended September 30, 2008 were primarily related to the pre-opening activities at the Plaza.

Depreciation and amortization expense was US$80.1 million for the three months ended September 30, 2009, an increase of US$10.4 million, or 14.9%, compared to US$69.7 million for the three months ended September 30, 2008. The increase was primarily the result of US$8.0 million related to the Plaza and an increase of US$2.1 million related to The Venetian Macao as we began depreciating areas that were not placed in service during the full three months ended September 30, 2008.

Adjusted EBITDAR

The following table summarizes information related to our segments:

	For the three months ended September 30,		
	2008	2009	Percent Change
	(US$ in millions, except percentages)		
Sands Macao	42.6	75.8	77.9%
The Venetian Macao	135.3	149.5	10.5%
Plaza	2.8	10.1	260.7%
Ferry and other operations	(8.9)	(7.3)	18.0%
Total adjusted EBITDAR	**171.8**	**228.2**	**32.8%**

Adjusted EBITDAR for the three months ended September 30, 2009 was US$228.2 million, an increase of US$56.4 million, or 32.8%, compared to US$171.8 million the three months ended September 30, 2008. This increase was primarily driven by the increase in casino revenues and cost reduction from cost saving initiatives, primarily in payroll, rolling commissions, utilities and other operational areas.

Interest Expense

The following table summarizes information related to interest expense:

	For the three months ended September 30,	
	2008	2009
	(US$ in millions)	
Interest and other finance cost	45.9	47.4
Less—capitalized interest	(27.3)	(3.9)
Interest expense, net	18.6	43.5

Interest and other finance cost for the three months ended September 30, 2009 was US$47.4 million, an increase of US$1.5 million, or 3.3%, compared to US$45.9 million for the three months ended September 30, 2008. The increase was primarily a result of our Company borrowing US$582.0 million from the LVS Group for repayment of outstanding intercompany payables owed to certain members of the LVS Group. The US$23.4 million decrease in capitalized interest was primarily due to the completion of the Plaza and suspension of Parcels 5 and 6. Capitalized interest is expected to be minimal in 2009 as we have discontinued capitalizing interest on the suspended projects of our Cotai Strip development.

Profit for the Period

As a result of the foregoing, profit increased from US$60.0 million for the three months ended September 30, 2008 to US$86.7 million for the three months ended September 30, 2009.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2009 Compared to the Six Months Ended June 30, 2008

Net Revenues

Our net revenues consisted of the following:

	For the six months ended June 30,		
	2008	2009	Percent Change
	(US$ in millions, except percentages)		
Casino	1,325.4	1,317.1	(0.6)%
Rooms	67.5	55.5	(17.8)%
Food and beverage	24.5	25.4	3.7%
Mall	48.4	64.1	32.4%
Convention, ferry, retail and other	24.8	38.4	54.8%
Total net revenues	**1,490.6**	**1,500.6**	**0.7%**

Net revenues were US$1,500.6 million for the six months ended June 30, 2009, a slight increase of US$10.0 million, or 0.7%, compared to US$1,490.6 million for the six months ended June 30, 2008. Net revenues increased primarily due to the opening of The Shoppes at Four Seasons, as well as the expansion of our ferry services. This increase was partially offset by decreases in net casino and room revenues primarily due to the global economic downturn, the outbreak of swine flu in the region and visa restrictions for residents of mainland China.

Net casino revenues for the six months ended June 30, 2009 were US$1,317.1 million, a decrease of US$8.3 million, or 0.6%, compared to US$1,325.4 million for the six months ended June 30, 2008. Net casino revenues of the Sands Macao and The Venetian Macao decreased by US$77.7 million and US$5.5 million, respectively, as a result of the global economic downturn that began in the second half of 2008, the outbreak of swine flu in the region and visa restrictions for residents of mainland China. These decreases were partially offset by net casino revenue of US$75.0 million attributable to the opening of the Plaza.

The following table summarizes the results of our casino activity:

	For the six months ended June 30,		
	2008	2009	Percent Change
	(US$ in millions, except percentages and basis points)		
The Venetian Macao			
Total net casino revenues	798.8	793.3	(0.7)%
Non-rolling chip table games drop	1,731.6	1,623.3	(6.3)%
Non-rolling chip table games win percentage	19.9%	23.2%	3.3 pts
Rolling chip volume	18,599.8	18,590.1	(0.1)%
Rolling chip win percentage	3.0%	2.7%	(0.3) pts
Slot handle	819.9	1,093.8	33.4%
Slot hold percentage	8.3%	7.5%	(0.8) pts
Sands Macao			
Total net casino revenues	526.6	448.9	(14.8)%
Non-rolling chip table games drop	1,381.3	1,208.4	(12.5)%
Non-rolling chip table games win percentage	19.8%	19.1%	(0.7) pts
Rolling chip volume	11,789.8	9,845.3	(16.5)%
Rolling chip win percentage	2.7%	2.7%	0.0 pts
Slot handle	514.0	577.2	12.3%
Slot hold percentage	8.2%	6.7%	(1.5) pts
Plaza			
Total net casino revenues	—	75.0	—
Non-rolling chip table games drop	—	167.5	—
Non-rolling chip table games win percentage	—	25.2%	—
Rolling chip volume	—	1,125.2	—
Rolling chip win percentage	—	3.2%	—
Slot handle	—	100.0	—
Slot hold percentage	—	5.7%	—

Net room revenues for the six months ended June 30, 2009 were US$55.5 million, a decrease of US$12.0 million, or 17.8%, compared to US$67.5 million for the six months ended June 30, 2008. This decrease resulted primarily from our introduction of lower room rates at The Venetian Macao in response to declining occupancy resulting from global economic downturn, the outbreak of swine flu in the region and visa restrictions for residents of mainland China. The decrease in net room revenues at The Venetian Macao was partially offset by the opening of the Plaza in August 2008.

The following table summarizes our room activity. The suites at the Sands Macao are primarily provided to gaming patrons on a complimentary basis and therefore related statistics have not been included.

	For the six months ended June 30,		
	2008	2009	Percent Change
	(US$, except percentages and basis points)		
The Venetian Macao			
Gross room revenues (in millions)	94.2	79.5	(15.5)%
Average daily rate	228	209	(8.3)%
Occupancy rate	79.4%	76.7%	(2.7)pts
Revenue per available room	181	160	(11.6)%
Plaza			
Gross room revenues (in millions)	—	7.9	—
Average daily rate	—	293	—
Occupancy rate	—	41.5%	—
Revenue per available room	—	122	—

Note: Information in this table takes into account rooms provided to customers on a complimentary basis that are recorded at discounted rates.

Net food and beverage revenues for the six months ended June 30, 2009 were US$25.4 million, an increase of US$0.9 million, or 3.7%, compared to US$24.5 million for the six months ended June 30, 2008. The increase was primarily attributable to the opening of the Plaza, which generated revenues of US$3.7 million. This increase was partially offset by a decrease of US$2.8 million in revenues from the Sands Macao and The Venetian Macao, which was primarily due to a decrease in occupancy resulting from the global economic downturn, the outbreak of swine flu in the region and visa restrictions for residents of mainland China.

Mall revenues for the six months ended June 30, 2009 were US$64.1 million, an increase of US$15.7 million, or 32.4%, compared to US$48.4 million for the six months ended June 30, 2008. The increase was primarily attributable to the opening of The Shoppes at Four Seasons, which generated revenues of US$14.1 million, as well as an increase in revenues of US$1.6 million at The Grand Canal Shoppes at The Venetian Macao partially due to increased mall occupancy.

Net convention, ferry, retail and other revenues for the six months ended June 30, 2009 was US$38.4 million, an increase of US$13.6 million, or 54.8%, compared to US$24.8 million for the six months ended June 30, 2008. The increase was primarily attributable to an increase in ferry revenues resulting from an increase in the number of sailings as we added new vessels. An increase in entertainment revenue of US$6.1 million was primarily due to the opening of the Cirque du Soleil show, Zaia, in August 2008. These increases were partially offset by a decrease in convention revenues of US$2.0 million, as well as a decrease in other revenues, primarily due to the global economic downturn, the outbreak of swine flu in the region and visa restrictions for residents of mainland China.

Operating Expenses

Our operating expenses consist of the following:

	For the six months ended June 30,		
	2008	2009	Percent Change
	(US$ in millions, except percentages)		
Casino	903.1	916.2	1.4%
Rooms	16.2	14.0	(13.7)%
Food and beverage	21.6	22.7	5.1%
Mall	13.7	16.8	22.7%
Convention, ferry, retail and other	46.2	59.7	29.2%
Provision for doubtful accounts	0.9	18.7	1,977.8%
General and administrative expense	146.8	115.9	(21.1)%
Corporate expense	4.3	4.7	9.3%
Land lease expense	5.9	6.1	3.4%
Pre-opening expense	38.1	52.4	37.9%
Depreciation and amortization	123.4	158.4	28.4%
Loss on disposal of property and equipment	1.2	4.9	308.3%
Fair value losses/(gains) on financial assets at fair value through profit or loss	(0.1)	—	—
Net foreign exchange losses/(gains)	(2.6)	0.1	103.9%
Total operating expenses	**1,318.7**	**1,390.5**	**5.4%**

Operating expenses were US$1,390.5 million for the six months ended June 30, 2009, an increase of US$71.8 million, or 5.4%, compared to US$1,318.7 million for the six months ended June 30, 2008. The increase in operating expenses was primarily attributable to the opening of the Plaza, and the expansion of our ferry service operations, as well as provision for doubtful accounts, pre-opening expenses and depreciation and amortization, as more fully described below.

Casino expenses for the six months ended June 30, 2009 were US$916.2 million, an increase of US$13.1 million, or 1.4%, compared to US$903.1 million for the six months ended June 30, 2008. The increase was primarily due to the opening of the Plaza. Casino expenses relating to the newly opened Plaza were US$18.8 million (excluding gaming tax and gaming premium), while other expenses at the Sands Macao and The Venetian Macao increased US$16.0 million, primarily attributable to increased special events and promotions as well as increased commissions paid to Gaming Promoters. These increases were partially offset by a decrease in total gaming tax and gaming premium of US$8.5 million, as a result of lower casino revenues, and a decrease in payroll expenses of US$13.2 million driven by our cost savings initiatives.

Room expenses for the six months ended June 30, 2009 were US$14.0 million, a decrease of US$2.2 million, or 13.7%, compared to US$16.2 million for the six months ended June 30, 2008. Payroll expenses, hotel supplies and other expenses decreased by US$4.8 million due to lower occupancy and our cost savings initiatives, partially offset by a US$2.6 million increase in expenses attributable to the newly opened Plaza.

Food and beverage expenses for the six months ended June 30, 2009 were US$22.7 million, an increase of US$1.1 million, or 5.1%, compared to US$21.6 million for the six months ended June 30, 2008. Expenses relating to the newly opened Plaza for the six months ended June 30, 2009 were US$5.7 million. The increase was partially offset by a US$4.6 million decrease in cost of sales as a result of lower demand for food and beverage services, as well as a reduction in payroll expenses at the Sands Macao and The Venetian Macao driven by our cost savings initiatives.

Mall expenses for the six months ended June 30, 2009 were US$16.8 million, an increase of US$3.1 million, or 22.7%, compared to US$13.7 million for the six months ended June 30, 2008 primarily attributable to the newly opened Plaza.

Convention, ferry, retail and other expenses for the six months ended June 30, 2009 were US$59.7 million, an increase of US$13.5 million, or 29.2%, compared to US$46.2 million for the six months ended June 30, 2008. The increase was primarily attributable to US$8.4 million related to the opening of the Cirque du Soleil show, Zaia, at The Venetian Macao and an increase in ferry expenses of US$5.8 million. These increases were partially offset by a reduction in expenses at the Sands Macao.

Provision for doubtful accounts was US$18.7 million for the six months ended June 30, 2009, an increase of US$17.8 million, compared to US$0.9 million for the six months ended June 30, 2008. Of the increase, US$9.6 million related to our casino operations as we granted more advances to our premium players in relation to the opening of new properties and US$8.2 million related to mall operations as our tenants experienced difficulties driven by reduced visitation and consumer spending at the properties as a result of the economic downturn.

General and administrative expenses were US$115.9 million for the six months ended June 30, 2009, a decrease of US$30.9 million, or 21.1%, compared to US$146.8 million for the six months ended June 30, 2008. The decrease was primarily driven by our cost savings initiatives, resulting in a decrease of US$44.7 million at the Sands Macao and The Venetian Macao. This decrease was primarily related to payroll expenses, utilities, transportation costs and bank charges. The decrease was partially offset by US$15.5 million attributable to the operations at the newly opened Plaza.

Pre-opening expenses were US$52.4 million for the six months ended June 30, 2009, an increase of US$14.3 million, or 37.9%, compared to US$38.1 million for the six months ended June 30, 2008. Pre-opening expenses for the six months ended June 30, 2009 were primarily related to costs associated with the suspension of construction at Parcels 5 and 6 of our Cotai Strip development, and maintenance of these construction sites, as well as costs relating to the Paiza mansions at the Plaza. Pre-opening expenses for the six months ended June 30, 2008 were primarily related to pre-opening activities at the Plaza.

Depreciation and amortization expense was US$158.4 million for the six months ended June 30, 2009, an increase of US$35.0 million, or 28.4%, compared to US$123.4 million for the six months ended June 30, 2008. The increase was primarily the result of US$24.6 million related to the Plaza, and an increase of US$9.1 million related to The Venetian Macao as we began depreciating areas that were not placed in service during the full six months ended June 30, 2008.

Adjusted EBITDAR

The following table summarizes information related to our segments:

	For the six months ended June 30,		
	2008	2009	Percent Change
	(US$ in millions, except percentages)		
Sands Macao	119.6	111.4	(6.9)%
The Venetian Macao	249.7	230.9	(7.5)%
Plaza	—	9.8	—
Ferry and other operations	(20.1)	(14.4)	28.4%
Total adjusted EBITDAR	**349.2**	**337.7**	**(3.3)%**

Adjusted EBITDAR for the six months ended June 30, 2009 was US$337.7 million, a decrease of US$11.5 million, or 3.3%, compared to US$349.2 million the six months ended June 30, 2008. This decrease was primarily driven by the global economic downturn, the outbreak of swine flu and visa restrictions for residents from mainland China. In addition, provision for doubtful accounts increased significantly. The decrease in adjusted EBITDAR was partially offset by a decrease in general and administrative expenses resulting primarily from our cost savings initiatives.

Interest Expense

The following table summarizes information related to interest expense:

	For the six months ended June 30,	
	2008	2009
	(US$ in millions)	
Interest and other finance cost	101.1	56.8
Less—capitalized interest	(40.9)	(4.6)
Interest expense, net	60.2	52.2

Interest and other finance cost for the six months ended June 30, 2009 was US$56.8 million, a decrease of US$44.3 million, or 43.8%, compared to US$101.1 million for the six months ended June 30, 2008. The decrease was primarily a result of a reduction in interest rates partially offset by an increase in our borrowings. The US$36.3 million decrease in capitalized interest was primarily due to the completion of the Plaza, suspension of Parcels 5 and 6, and also a decrease in interest rates. Capitalized interest is expected to be minimal in 2009 as we have discontinued capitalizing interest on the suspended projects of our Cotai Strip development.

Profit for the Period

As a result of the foregoing, profit decreased from US$114.0 million for the six months ended June 30, 2008 to US$58.0 million for the six months ended June 30, 2009.

Year Ended December 31, 2008 Compared to the Year Ended December 31, 2007

Net Revenues

Our net revenues consisted of the following:

	For the year ended December 31,		
	2007	2008	Percent Change
	(US$ in millions, except percentages)		
Casino	1,846.2	2,669.7	44.6%
Rooms	49.3	140.0	183.9%
Food and beverage	28.1	54.3	93.2%
Mall	24.8	123.0	396.0%
Convention, ferry, retail and other	17.9	66.4	270.9%
Total net revenues	**1,966.2**	**3,053.3**	**55.3%**

Net revenues were US$3,053.3 million for the year ended December 31, 2008, an increase of US$1,087.1 million, or 55.3%, compared to US$1,966.2 million for the year ended December 31, 2007. The increase in net revenues was due primarily to revenues attributable to a full year of operations at The Venetian Macao, which opened in August 2007, and the opening of the Plaza in August 2008. In addition, the expansion of our ferry operations in the second half of 2008 increased visits to our Cotai Strip properties, thereby increasing net revenues.

Net casino revenues for the year ended December 31, 2008 were US$2,669.7 million, an increase of US$823.5 million, or 44.6%, compared to US$1,846.2 million for the year ended December 31, 2007. Revenues resulting from a full year of operation of The Venetian Macao contributed US$1,061.2 million to such increase while the opening of the Plaza contributed US$46.1 million, partially offset by a US$283.8 million decrease at the Sands Macao due primarily to increased competition. Our ferry operations increased visitation to our Cotai Strip properties.

The following table summarizes the results of our casino activity:

	For the year ended December 31,		
	2007	2008	Percent Change
	(US$ in millions, except percentages and basis points)		
The Venetian Macao			
Total net casino revenues	549.3	1,610.5	193.2%
Non-rolling chip table games drop	1,115.8	3,530.1	216.4%
Non-rolling chip table games win percentage	17.3%	19.9%	2.6pts
Rolling chip volume	17,071.5	36,893.8	116.1%
Rolling chip win percentage	2.6%	3.0%	0.4pts
Slot handle	490.1	1,941.9	296.2%
Slot hold percentage	7.9%	8.0%	0.1pts
Sands Macao			
Total net casino revenues	1,296.9	1,013.1	(21.9)%
Non-rolling chip table games drop	3,525.6	2,626.9	(25.5)%
Non-rolling chip table games win percentage	18.7%	18.9%	0.2pts
Rolling chip volume	26,325.3	25,182.2	(4.3)%
Rolling chip win percentage	3.0%	2.6%	(0.4)pts
Slot handle	1,181.1	1,039.4	(12.0)%
Slot hold percentage	6.9%	7.8%	0.9pts
Plaza			
Total net casino revenues	—	46.1	—
Non-rolling chip table games drop	—	99.8	—
Non-rolling chip table games win percentage	—	21.1%	—
Rolling chip volume	—	630.1	—
Rolling chip win percentage	—	4.5%	—
Slot handle	—	38.2	—
Slot hold percentage	—	5.6%	—

Net room revenues for the year ended December 31, 2008 were US$140.0 million, an increase of US$90.7 million, or 183.9%, compared to US$49.3 million for the year ended December 31, 2007 due primarily to revenues resulting from a full year of operations at The Venetian Macao and the opening of the Plaza. Net room revenues at the Plaza were negatively impacted by a low occupancy rate due to the slow ramp-up of the property.

The following table summarizes the results of our room activity. The suites at the Sands Macao are primarily provided to gaming patrons on a complimentary basis and therefore related statistics have not been included.

	For the year ended December 31,		
	2007	2008	Percent Change
	(US$, except percentages and basis points)		
The Venetian Macao			
Gross room revenues (in millions)	63.4	200.6	216.5%
Average daily rate	221	226	2.3%
Occupancy rate	85.7%	85.3%	(0.4)pts
Revenue per available room	190	193	1.6%
Plaza			
Gross room revenues (in millions)	—	3.7	—
Average daily rate	—	344	—
Occupancy rate	—	32.0%	—
Revenue per available room	—	110	—

Note: Information in this table takes into account rooms provided to customers on a complimentary basis that are recorded at discounted rates.

Net food and beverage revenues for the year ended December 31, 2008 were US$54.3 million, an increase of US$26.2 million, or 93.2%, compared to US$28.1 million for the year ended December 31, 2007. The increase was primarily attributable to revenues resulting from a full year of operations at The Venetian Macao.

Mall revenues for the year ended December 31, 2008 were US$123.0 million, an increase of US$98.2 million, or 396.0%, compared to US$24.8 million for the year ended December 31, 2007. The increase was primarily attributable to revenues resulting from a full year of operations at The Grand Canal Shoppes at The Venetian Macao.

Net convention, ferry, retail and other revenues for the year ended December 31, 2008 were US$66.4 million, an increase of US$48.5 million, or 270.9%, compared to US$17.9 million for the year ended December 31, 2007. The increase was primarily attributable to revenues resulting from the expansion of our ferry operations as well as a full year of operations at The Venetian Macao.

Operating Expenses

Our operating expenses consisted of the following:

	For the year ended December 31,		
	2007	2008	Percent Change
	(US$ in millions, except percentages)		
Casino	1,238.0	1,875.4	51.5%
Rooms	13.1	32.2	145.8%
Food and beverage	25.6	47.0	83.8%
Mall	8.3	31.5	279.5%
Convention, ferry, retail and other	24.8	109.4	341.1%
Provision for doubtful accounts	1.2	15.0	1,150.0%
General and administrative expense	146.6	269.0	83.5%
Corporate expense	2.7	14.7	451.5%
Land lease expense	9.8	11.9	21.4%
Pre-opening expense	141.9	112.3	(20.8)%
Depreciation and amortization	104.0	268.2	157.8%
Loss on disposal of property and equipment	0.6	1.6	166.7%
Fair value losses on financial assets at fair value through profit or loss	0.6	0.0	(92.6)%
Net foreign exchange losses/(gains)	5.2	(29.2)	(661.5)%
Total operating expenses	**1,722.3**	**2,759.3**	**60.2%**

Operating expenses for the year ended December 31, 2008 were US$2,759.3 million, an increase of US$1,037.0 million, or 60.2%, compared to US$1,722.3 million for the year ended December 31, 2007. The increase in operating expenses was primarily attributable to a full year of operations at The Venetian Macao, the opening of the Plaza and depreciation and amortization costs, as more fully described below.

Casino expenses for the year ended December 31, 2008 were US$1,875.4 million, an increase of US$637.4 million, or 51.5% compared to US$1,238.0 million for the year ended December 31, 2007. Casino expenses in connection with the opening of the Plaza and the full year of operations of The Venetian Macao for the year ended December 31, 2008 were US$252.3 million (excluding gaming tax and gaming premium). Gaming tax and gaming premium increased by US$415.9 million due to related income from casino revenues.

Room expenses for the year ended December 31, 2008 were US$32.2 million, an increase of US$19.1 million, or 145.8%, compared to US$13.1 million for the year ended December 31, 2007. This increase was primarily due to the expenses resulting from a full year of operations at The Venetian Macao and the opening of the Plaza.

Food and beverage expenses for the year ended December 31, 2008 were US$47.0 million, an increase of US$21.4 million, or 83.8%, compared to US$25.6 million for the year ended December 31, 2007. This increase was due primarily to the expenses resulting from a full year of operations at The Venetian Macao and the opening of the Plaza.

Mall expenses for the year ended December 31, 2008 were US$31.5 million, an increase of US$23.2 million, or 279.5%, compared to US$8.3 million for the year ended December 31, 2007. The increase was primarily attributable to mall expenses associated with a full year of operations at The Grand Canal Shoppes at The Venetian Macao.

Convention, ferry, retail and other expenses for the year ended December 31, 2008 were US$109.4 million, an increase of US$84.6 million, or 341.1%, compared to US$24.8 million for the year ended December 31, 2007. The increase was due primarily to US$46.8 million related to operations of our ferry service as well as US$37.8 million related to a full year of operations at The Venetian Macao.

Provision for doubtful accounts for the year ended December 31, 2008 was US$15.0 million, an increase of US$13.8 million, compared to US$1.2 million for the year ended December 31, 2007. The increase was the result of granting more advances to our premium players in connection with a full year of operations at The Venetian Macao.

General and administrative expenses for the year ended December 31, 2008 were US$269.0 million, an increase of US$122.4 million, or 83.5%, compared to US$146.6 million for the year ended December 31, 2007. The increase was primarily attributable to the full year of operations at The Venetian Macao and the commencement of operations at the Plaza of US$112.0 million and US$9.1 million, respectively. These expenses were mitigated by our cost savings initiatives, which we initiated during the second quarter of 2008.

Corporate expense for the year ended December 31, 2008 was US$14.7 million, an increase of US$12.0 million compared to US$2.7 million for the year ended December 31, 2007. The increase was primarily due to increased payroll expenses as we were building our corporate infrastructure to support our planned growth.

Pre-opening expenses for the year ended December 31, 2008 were US$112.3 million, a decrease of US$29.6 million, or 20.8%, compared to US$141.9 million for the year ended December 31, 2007. Pre-opening expenses for the year ended December 31, 2008 were primarily related to the opening of the Plaza, as well as activities related to our other Cotai Strip developments. Pre-opening expenses for the year ended December 31, 2007 were primarily related to the opening of The Venetian Macao.

Depreciation and amortization expense for the year ended December 31, 2008 was US$268.2 million, an increase of US$164.2 million, or 157.8%, compared to US$104.0 million for the year ended December 31, 2007. The increase was primarily attributable to US$132.3 million at The Venetian Macao and US$16.4 million at the Plaza.

Net foreign exchange gains for the year ended December 31, 2008 were US$29.2 million, compared to net foreign exchange losses of US$5.2 million for the year ended December 31, 2007. The net foreign exchange gains and losses were primarily associated with U.S. dollar denominated debt held in Macau.

Adjusted EBITDAR

The following table summarizes information related to our segments:

	For the year ended December 31,		
	2007	2008	Percent Change
	(US$ in millions, except percentages)		
Sands Macao	374.1	214.4	(42.7)%
The Venetian Macao	144.7	497.2	243.6%
Plaza	—	7.3	—
Ferry and other operations	(4.4)	(32.9)	(647.7)%
Total Adjusted EBITDAR	**514.3**	**686.0**	**33.4%**

Adjusted EBITDAR for the year ended December 31, 2008 was US$686.0 million, an increase of US$171.7 million, or 33.4%, compared to US$514.3 million for the year ended December 31, 2007. The increase was primarily attributable to a full year of operations at The Venetian Macao. This was partially offset by increased competition which impacted our Sands Macao operations and resulted in an increase in the commission rate for Gaming Promoters.

Interest Expense

The following table summarizes information related to interest expense:

	For the year ended December 31,	
	2007	2008
	(US$ in millions)	
Interest and other finance cost	196.0	205.2
Less—capitalized interest	(118.9)	(82.3)
Interest expense, net	77.0	122.9

Interest and other finance cost was US$205.2 million for the year ended December 31, 2008, an increase of US$9.2 million, or 4.7%, compared to US$196.0 million for the year ended December 31, 2007. This increase resulted from the substantial increase in our borrowings, which was partially offset by a decrease in interest rates. The decrease in capitalized interest was due primarily to the opening of The Venetian Macao in 2007 and the Plaza in August 2008.

Profit for the Year

As a result of the foregoing, our profit decreased from US$196.1 million for the year ended December 31, 2007 to US$175.7 million for the year ended December 31, 2008.

Year Ended December 31, 2007 Compared to the Year Ended December 31, 2006

Net Revenues

Our net revenues consisted of the following:

	For the year ended December 31,		
	2006	2007	Percent Change
	(US$ in millions, except percentages)		
Casino	1,265.2	1,846.2	45.9%
Rooms	0.1	49.3	49,200.0%
Food and beverage	12.9	28.1	117.8%
Mall	—	24.8	—
Convention, ferry, retail and other	2.9	17.9	517.2%
Total net revenues	**1,281.1**	**1,966.2**	53.5%

Net revenues were US$1,966.2 million for the year ended December 31, 2007, an increase of US$685.1 million, or 53.5%, compared to US$1,281.1 million for the year ended December 31, 2006. The increase in net revenues was due primarily to the opening of The Venetian Macao in August 2007. Overall, visitation to The Venetian Macao averaged almost 62,000 visitors per day in the quarter ended December 31, 2007, contributing to the increase in net revenues.

Net casino revenues for the year ended December 31, 2007 were US$1,846.2 million, an increase of US$581.0 million, or 45.9%, compared to US$1,265.2 million for the year ended December 31, 2006. The opening of The Venetian Macao in August 2007 contributed to an increase of US$549.3 million to net casino revenues, while the growth of our casino operations at the Sands Macao contributed to an increase of US$31.7 million. In particular, the opening of the hotel tower at the Sands Macao in September 2007, as well as the launch of various promotional programs, contributed to the increase.

The following table summarizes the results of our casino activity:

	For the year ended December 31,		
	2006	2007	Percent Change
	(US$ in millions, except percentages and basis points)		
The Venetian Macao			
Total net casino revenues	—	549.3	—
Non-rolling chip table games drop	—	1,115.8	—
Non-rolling chip table games win percentage	—	17.3%	—
Rolling chip volume	—	17,071.5	—
Rolling chip win percentage	—	2.6%	—
Slot handle	—	490.1	—
Slot hold percentage	—	7.9%	—
Sands Macao			
Total net casino revenues	1,265.2	1,296.9	2.5%
Non-rolling chip table games drop	4,178.7	3,525.6	(15.6)%
Non-rolling chip table games win percentage	18.6%	18.7%	0.1pts
Rolling chip volume	17,115.0	26,325.3	53.8%
Rolling chip win percentage	3.2%	3.0%	(0.2)pts
Slot handle	1,048.8	1,181.1	12.6%
Slot hold percentage	7.7%	6.9%	(0.8)pts

Net room revenues for the year ended December 31, 2007 were US$49.3 million, an increase of US$49.2 million as compared to US$0.1 million for the year ended December 31, 2006. The increase was almost entirely attributable to revenues from The Venetian Macao, which opened in August 2007.

The following table summarizes the results of our room activity. The suites at the Sands Macao are primarily provided to gaming patrons on a complimentary basis and therefore related statistics have not been included.

	For the year ended December 31,		
	2006	2007	Percent Change
	(US$, except percentages)		
The Venetian Macao			
Gross room revenues (in millions)	—	63.4	—
Average daily rate	—	221	—
Occupancy rate	—	85.7%	—
Revenue per available room	—	190	—

Note: Information in this table takes into account rooms provided to customers on a complimentary basis that are recorded at discounted rates.

Net food and beverage revenues for the year ended December 31, 2007 were US$28.1 million, an increase of US$15.2 million, or 117.8%, compared to US$12.9 million for the year ended December 31, 2006. The increase was primarily attributable to US$14.6 million in revenues from The Venetian Macao and an increase of US$0.6 million at the Sands Macao due to the increased number of visitors.

Mall revenues for the year ended December 31, 2007 were US$24.8 million generated by revenues from the opening of The Grand Canal Shoppes at The Venetian Macao.

Net convention, ferry, retail and other revenues for the year ended December 31, 2007 were US$17.9 million, an increase of US$15.0 million compared to US$2.9 million for the year ended December 31, 2006. The increase was primarily attributable to US$13.6 million related to conventions and entertainment productions at The Venetian Macao.

Operating Expenses

Our operating expenses consisted of the following:

	For the year ended December 31,		
	2006	2007	Percent Change
	(US$ in millions, except percentages)		
Casino	742.2	1,238.0	66.8%
Rooms	0.2	13.1	6,450.0%
Food and beverage	11.5	25.6	122.6%
Mall	—	8.3	—
Convention, ferry, retail and other	3.0	24.8	726.7%
Provision for doubtful accounts	0.4	1.2	200.0%
General and administrative expense	68.7	146.6	113.5%
Corporate expense	0.4	2.7	575.0%
Land lease expense	0.8	9.8	1,125.0%
Pre-opening expense	34.7	141.9	309.1%
Development expense	2.7	—	—
Depreciation and amortization	35.2	104.0	195.5%
Loss on disposal of property and equipment	1.9	0.6	(68.4%)
Fair value losses on financial assets at fair value through profit or loss	0.5	0.6	20.0%
Net foreign exchange losses	0.7	5.2	642.9%
Total operating expenses	**902.8**	**1,722.3**	**90.8%**

Operating expenses for the year ended December 31, 2007 were US$1,722.3 million, an increase of US$819.5 million, or 90.8%, compared to US$902.8 million for the year ended December 31, 2006. The increase in operating expenses was primarily attributable to expenses in connection with the opening of The Venetian Macao, pre-opening activities, and depreciation and amortization cost as more fully described below.

Casino expenses for the year ended December 31, 2007 were US$1,238.0 million, an increase of US$495.8 million, or 66.8%, compared to US$742.2 million for the year ended December 31, 2006. Casino expenses for the year ended December 31, 2007 were US$109.6 million (excluding gaming tax and gaming premium) at The Venetian Macao. Gaming tax and gaming premium contributed to an increase in expenses of US$322.1 million resulting from an increase in casino revenues. The remaining increase was primarily attributable to additional payroll expenses, special events expense and our rolling chip program at the Sands Macao.

Room expenses for the year ended December 31, 2007 were US$13.1 million, an increase of US$12.9 million, compared to US$0.2 million for the year ended December 31, 2006. This increase was almost entirely attributable to the opening of The Venetian Macao in August 2007.

Food and beverage expenses for the year ended December 31, 2007 were US$25.6 million, an increase of US$14.1 million, or 122.6%, compared to US$11.5 million for the year ended December 31, 2006. This increase was due primarily to the opening of The Venetian Macao in August 2007.

Mall expenses were US$8.3 million for the year ended December 31, 2007, which resulted from operations of The Grand Canal Shoppes at The Venetian Macao.

Convention, ferry, retail and other expenses for the year ended December 31, 2007 were US$24.8 million, an increase of US$21.8 million, compared to US$3.0 million for the year ended December 31, 2006. This increase was due primarily to convention, entertainment and other expenses attributable to the opening of The Venetian Macao in August 2007.

General and administrative expenses for the year ended December 31, 2007 were US$146.6 million, an increase of US$77.9 million, or 113.5%, compared to US$68.7 million for the year ended December 31, 2006. The increase was attributable to the growth of our operating business, particularly the opening of The Venetian Macao.

Pre-opening expenses for the year ended December 31, 2007 were US$141.9 million, an increase of US$107.2 million, or 309.1%, compared to US$34.7 million for the year ended December 31, 2006. Pre-opening expenses for the year ended December 31, 2007 were primarily related to the opening of The Venetian Macao and activities at our other Cotai Strip developments.

Depreciation and amortization expense for the year ended December 31, 2007 was US$104.0 million, an increase of US$68.8 million, or 195.5%, compared to US$35.2 million for the year ended December 31, 2006. The increase was due primarily to US$60.0 million related to the opening of The Venetian Macao and a full year of depreciation related to the Sands Macao podium expansion, which was placed into service in August 2006 and resulted in an increase of US$7.0 million.

Adjusted EBITDAR

The following table summarizes information related to our segments.

	For the year ended December 31,		
	2006	2007	Percent Change
	(US$ in millions, except percentages)		
Sands Macao	457.7	374.1	(18.3)%
The Venetian Macao	—	144.7	—
Ferry and other operations	—	(4.4)	—
Total Adjusted EBITDAR	**457.7**	**514.3**	**12.4%**

Adjusted EBITDAR for the year ended December 31, 2007 was US$514.3 million, an increase of US$56.6 million, or 12.4%, compared to US$457.7 million for the year ended December 31, 2006. The increase was primarily attributable to the opening of The Venetian Macao, partially offset by increased competition at the Sands Macao.

Interest Expense

The following table summarizes information related to interest expense on long-term debt:

	For the year ended December 31,	
	2006	2007
	(US$ in millions)	
Interest and other finance cost	84.4	196.0
Less—capitalized interest	(54.1)	(118.9)
Interest expense, net	30.3	77.0

Interest and other finance cost was US$196.0 million for the year ended December 31, 2007, an increase of US$111.6 million, or 132.2%, compared to US$84.4 million for the year ended December 31, 2006. The increase is primarily the result of the substantial increase in our borrowings. Capitalized interest increased US$64.8 million, primarily related to the construction of The Venetian Macao.

Profit for the Year

As a result of the foregoing, our profit decreased from US$375.8 million for the year ended December 31, 2006 to US$196.1 million for the year ended December 31, 2007.

LIQUIDITY AND CAPITAL RESOURCES

Historically, we have funded our operations through cash generated from our operations, our debt financings, as well as financial support from the LVS Group. Prior to [●], the LVS Group provided financial support for us in the form of equity contributions, payment of expenses through intercompany payables, shareholders' loans and LVS's confirmation that it would not demand our repayment of certain intercompany obligations owed to the LVS Group prior to the earlier of June 30, 2010 or upon completion of [●].

On September 4, 2009, our Company borrowed US$582.0 million from VVDI (II), representing the net proceeds received in connection with VVDI (II)'s issuance of the Bonds. The proceeds of US$582.0 million received by our Company were on-lent by our Company to certain members of our Group by way of intercompany loans in order to repay outstanding intercompany payables owed to certain members of the LVS Group, primarily related to the funding of construction for Parcels 5 and 6 and certain of its other ancillary operations.

As further described in "Future Plans," upon completion of the [●], our Company will use [US$●] million of the net proceeds received in [●] to repay an additional portion of the shareholders' loans and intercompany payables owed to the LVS Group, as required by the Listing Rules. The remaining [US$●] million of the shareholders' loans and intercompany payables owed to the LVS Group will be converted into equity contributions to our Company. In addition, concurrent with the completion of [●], our obligations under the intercompany shareholder's loan will be satisfied by our Company through issuance of Shares directly to the Bondholders in connection with the mandatory and automatic exchange of the Bonds for Shares. Immediately upon the completion of [●], we will not have any shareholders' loans or intercompany payables owed to the LVS Group, as required by the Listing Rules. We use cash primarily for funding capital expenditures and operating costs. Our capital expenditures relate primarily to our Cotai Strip developments consisting of hotels, malls, MICE, gaming and entertainment facilities, and apart-hotels. In the future, we expect to incur significant additional capital expenditures, which we intend to fund through a combination of debt and equity financings, including the proceeds of [●], and internal resources (subject to the requirements of our existing financing arrangements). See "Future Plans."

As of September 30, 2009, we had cash and cash equivalents of US$394.7 million and restricted cash of US$196.7 million. Except for our discussions to obtain potential supplemental financing for our development of Parcels 5 and 6, we currently have no material external debt financing plans for the next 12 months.

Cash Flows—Summary

Our cash flows consisted of the following:

	For the year ended December 31,			For the six months ended June 30,		For the three months ended September 30,	
	2006	2007	2008	2008	2009	2008	2009
	(US$ in millions)						
Net cash generated from operating activities	478.0	269.6	256.2	204.0	282.6	77.5	243.0
Net cash used in investing activities	(1,595.3)	(1,454.8)	(1,918.0)	(895.9)	(244.5)	(645.0)	(117.6)
Net cash generated from/(used in) financing activities	1,237.5	1,346.3	1,637.4	747.9	(115.0)	554.8	(71.8)
Net increase/(decrease) in cash and cash equivalents	**120.2**	**161.1**	**(24.4)**	**56.0**	**(76.8)**	**(12.6)**	**53.6**
Cash and cash equivalents at beginning of the year/period	158.5	278.5	439.4	439.4	417.8	496.6	340.6
Effect of exchange rate on cash	(0.3)	(0.2)	2.8	1.2	(0.3)	0.3	0.5
Cash and cash equivalents at end of the year/period	**278.5**	**439.4**	**417.8**	**496.6**	**340.6**	**484.2**	**394.7**

Cash Flows—Operating Activities

We derive most of our operating cash flow from our casino, room and mall operations.

Net cash generated from operating activities for the three months ended September 30, 2009 was US$243.0 million, an increase of US$165.5 million as compared to US$77.5 million for the three months ended September 30, 2008. The increase in net cash generated from operating activities was primarily due to a decrease in trade and other receivables and an increase in profit before tax.

Net cash generated from operating activities for the six months ended June 30, 2009 was US$282.6 million, an increase of US$78.6 million as compared to US$204.0 million for the six months ended June 30, 2008. The increase in net cash generated from operating activities was primarily due to a decrease in trade and other receivables, partially offset by decreases in profit before tax and trade and other payables.

Net cash generated from operating activities for the year ended December 31, 2008 was US$256.2 million, a decrease of US$13.4 million as compared to US$269.6 million for the year ended December 31, 2007. The decrease in net cash generated from operating activities was primarily due to a decrease in profit before tax and higher trade and other receivables due primarily to the increase in our granting of casino credit during the year ended December 31, 2008, partially offset by lower levels of leasehold interest in land payments.

Net cash generated from operating activities for the year ended December 31, 2007 was US$269.6 million, a decrease of US$208.4 million as compared to US$478.0 million for the year ended December 31, 2006. The decrease in net cash generated from operating activities was primarily due to an increase in leasehold interest in land payments related to Parcels 1, 2 and 3 and the Sands Macao hotel tower expansion.

Cash Flows—Investing Activities

Net cash used in investing activities for the three months ended September 30, 2009 was US$117.6 million, which primarily consisted of capital expenditures and an increase in restricted cash. Capital expenditures amounted to US$93.2 million, including US$68.8 million for construction and development activities related to unopened areas and an apart-hotel tower in the Plaza, which is anticipated to be branded and serviced by Four Seasons, and US$12.3 million for Parcels 5 and 6 of our Cotai Strip development. Restricted cash increased US$24.6 million during the three months ended September 30, 2009.

Net cash used in investing activities for the six months ended June 30, 2009 was US$244.5 million, which primarily consisted of capital expenditures and an increase in restricted cash. Capital expenditures amounted to US$210.2 million, including US$128.1 million for construction and development activities related to unopened areas and an apart-hotel tower in the Plaza, US$53.6 million for Parcels 5 and 6 of our Cotai Strip development, and US$28.5 million for other properties and our other Cotai Strip developments. Restricted cash increased US$48.0 million during the six months ended June 30, 2009.

Net cash used in investing activities for the year ended December 31, 2008 was US$1,918.0 million, which primarily consisted of capital expenditures and an increase in restricted cash, partially offset by the settlement of notes receivable. Capital expenditures amounted to US$1,997.8 million, including US$959.1 million for construction and development activities related to Parcels 5 and 6 of our Cotai Strip development, US$503.2 million for the Plaza, US$198.3 million related to our ferry operations, and US$337.2 million for other properties and our other Cotai Strip developments. Restricted cash increased US$64.5 million during the year ended December 31, 2008. Cash generated from investing activities included US$140.5 million in settlement of notes receivable from the LVS Group.

Net cash used in investing activities for the year ended December 31, 2007 was US$1,454.8 million, which primarily consisted of capital expenditures, partially offset by a decrease in restricted cash. Capital expenditures amounted to US$1,736.2 million, including US$880.1 million for construction and development activities related to The Venetian Macao and US$856.1 million for the Plaza and our other Cotai Strip developments. Additionally, net cash used in investing activities included a net increase of US$149.2 million in notes receivables from the LVS Group. Restricted cash decreased US$406.0 million during the year ended December 31, 2007.

Net cash used in investing activities for the year ended December 31, 2006 was US$1,595.3 million, which primarily consisted of capital expenditures and an increase in restricted cash. Capital expenditures amounted to US$1,157.3 million, including US$908.0 million for construction and development activities related to The Venetian Macao and US$249.3 million for the Sands Macao and our other Cotai Strip developments. Restricted cash increased US$465.8 million during the year ended December 31, 2006.

Cash Flows—Financing Activities

For the three months ended September 30, 2009, net cash flows used in financing activities were US$71.8 million, primarily attributable to US$12.5 million in net repayments under our credit facilities, interest paid of US$38.2 million and financing cost paid of US$21.9 million. The Group borrowed US$582.0 million from the LVS Group on September 4, 2009, and repaid outstanding intercompany payables owed by certain members of our Group to the LVS Group.

For the six months ended June 30, 2009, net cash flows used in financing activities were US$115.0 million, primarily attributable to US$127.7 million in net repayments under our credit facilities and interest paid of US$48.8 million, partially offset by proceeds from the LVS Group of US$62.3 million.

For the year ended December 31, 2008, net cash flows generated from financing activities were US$1,637.4 million, primarily attributable to proceeds from the LVS Group of US$1,163.8 million and borrowings of US$453.7 million under the Macau Credit Facility and US$218.6 million under the Ferry Financing Facility, partially offset by interest paid of US$192.6 million.

For the year ended December 31, 2007, net cash flows generated from financing activities were US$1,346.3 million, primarily attributable to borrowings of US$1,551.0 million under the Macau Credit Facility, partially offset by interest paid of US$181.0 million.

For the year ended December 31, 2006, net cash flows generated from financing activities were US$1,237.5 million, primarily attributable to net borrowings of US$1,250.0 million, partially offset by interest paid of US$74.8 million and payments of deferred financing costs of US$41.2 million.

CAPITAL EXPENDITURES

Capital expenditures were used primarily for new projects, and to renovate, upgrade and maintain existing properties. Set forth below is historical information on our capital expenditures, excluding capitalized interest and construction payables:

	For the year ended December 31,			For the six months ended June 30,		For the three months ended September 30,
	2006	2007	2008	2008	2009	2009
	(US$ in millions)					
The Venetian Macao	908.0	880.1	193.7	64.4	7.8	3.9
Sands Macao	98.6	120.0	38.8	23.3	4.7	0.8
Plaza	69.3	279.2	503.2	343.5	128.1	68.8
Ferry Operations	—	34.1	198.3	146.6	14.8	7.2
Parcels 5 and 6	80.8	391.5	959.1	364.4	53.6	12.3
Other	0.6	31.3	104.7	79.0	1.1	0.1
Total capital expenditures	**1,157.3**	**1,736.2**	**1,997.8**	**1,021.2**	**210.2**	**93.2**

Our capital expenditure plans are significant. We plan to restart construction of Phases I and II with a portion of the proceeds from [●], together with supplemental financing that we are currently in discussions to obtain. We do not intend to restart construction until such supplemental financing is committed or arranged and currently estimate that it will take approximately 18 months to complete construction of Phase I and another 6 months thereafter to complete the internal fit-out of the additional Sheraton hotel tower in Phase II. We will commence construction of Phase III at a future date as demand and market conditions warrant. As of September 30, 2009, we capitalized construction costs of US$1,725.4 million on the development of Parcels 5 and 6 and, if supplemental financing is obtained, we expect to spend an additional US$2.2 billion to complete Phases I and II. We intend to fund our capital expenditure plans through a combination of debt and equity financings and internal resources.

These investment plans are preliminary and subject to change based upon the execution of our business plan, the progress of our capital projects, market conditions and outlook on future business conditions.

COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

Our capital commitments are set forth below:

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(US$ in millions)				
Property and equipment					
Contracted but not provided for	783.9	1,755.5	1,422.1	289.0	229.2
Authorized but not contracted for	3,493.1	8,408.0	6,296.9	1,898.3	1,893.9
	4,277.0	**10,163.5**	**7,719.0**	**2,187.3**	**2,123.1**

As of June 30, 2009, we had capital commitments of US$2,187.3 million relating to our completed and on-going development projects, which consisted of construction costs, consultancy costs, other capitalized costs and operating capital expenditures. The capital commitments for The Venetian Macao, the Plaza, Parcels 5 and 6, and other properties, including Parcels 3, 7 and 8, are US$9.6 million, US$115.4 million, US$2,004.8 million and US$57.5 million, respectively. As of September 30, 2009, we had capital commitments of US$2,123.1 million relating to our completed and on-going development projects.

Litigation

We have contingent liabilities in respect of legal claims arising in the ordinary course of business. Management has made certain estimates for potential litigation costs based upon consultation with legal counsel and considered that no significant loss will be incurred beyond the amounts provided as of June 30, 2009. Actual results could differ from these estimates; however, in the opinion of management, it is not anticipated that any material liabilities will arise from the contingent liabilities.

Save as aforesaid or as otherwise disclosed in this document and apart from intra-group liabilities and normal trade payables, we did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, pledges, charges, debentures, mortgages, loans, debt securities or other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities or acceptances (other than normal trade bills), acceptance creditors or any guarantees or other material contingent liabilities outstanding at the close of business as of September 30, 2009.

WORKING CAPITAL

As of September 30, 2009, being the latest practicable date for the purpose of this working capital statement, we had net current liabilities as follows:

	As of September 30, 2009
	(unaudited)
	(US$ in millions)
Current assets	
Inventories	9.9
Trade and other receivables, net	268.6
Restricted cash	196.7
Cash and cash equivalents	394.7
Total current assets	869.9
Current liabilities	
Trade and other payable	1,414.0
Current income tax liabilities	0.3
Borrowings	87.9
Total current liabilities	1,502.1
Net current liabilities	(632.3)

Taking into account the financial resources available to our Group, including our internally generated funds, available credit facilities and the estimated net proceeds from [●], along with our plan to restart construction of Parcels 5 and 6 only when supplemental financing is secured, our Directors are of the opinion that we have sufficient working capital for our present requirements for at least the next 12 months from the date of this Document.

DESCRIPTION OF MATERIAL INDEBTEDNESS

To fund our existing projects and to finance our working capital requirements, we and our subsidiaries have entered into loan agreements with various financial institutions. We set forth below a summary of the material terms and conditions of these loans.

Macau Credit Facility

Our indirect subsidiaries, VML US Finance LLC, as Borrower, and VML, as guarantor, entered into the Macau Credit Facility dated May 25, 2006 with a syndicate of lenders, Goldman Sachs Credit Partners L.P., Lehman Brothers Inc. and Citigroup Global Markets, Inc. as co-syndication agents, joint lead arrangers and joint bookrunners, The Bank of Nova Scotia, as administrative agent, and Banco Nacional Ultramarino, S.A. and Sumitomo Mitsui Banking Corporation, as co-documentation agents, as amended on March 5, 2007 and August 12, 2009, respectively. The Macau Credit Facility is guaranteed by VML and certain of its subsidiaries designated as restricted subsidiaries (collectively, the "Guarantors"). The Borrower's obligations under the Macau Credit Facility and the guarantees of the Guarantors are secured by a first priority security interest in a substantial portion of the Borrower's and Guarantors' assets, other than capital stock, assets securing permitted furniture, fixtures and equipment financings, VML's Subconcession and certain other assets. The Macau Credit Facility consists of three tranches: (i) the Term B Loans, consisting of the Funded Term B Loans, which was a single borrowing at the date of the closing of the Macau Credit Facility on May 25, 2006 and funded on May 26, 2006, and the Delayed Draw Term B Loans, which were available to the Borrower for a period of 12 months following the date of the closing and were fully drawn on May 29, 2007 (the next business day succeeding the 12-month anniversary of the date of the closing); (ii) the Local Term Loans and (iii) the Revolving Loans.

Concurrently with the Macau Credit Facility, LVS, as sponsor, entered into a sponsor agreement (the "Sponsor Agreement") with The Bank of Nova Scotia on May 25, 2006. The material obligations of LVS under the Sponsor Agreement are: (i) to comply with, and cause its subsidiaries, other than those directly subject to the covenants of the Macau Credit Facility, to comply with the Subconcession Contract and any of our land concession contracts and not take any action inconsistent with the terms of the Subconcession Contract or any of our land concession contracts; (ii) to promptly notify the arrangers and agents under the Macau Credit Facility of any circumstances which could reasonably be expected to cause a failure by LVS or any of its subsidiaries, other than those directly subject to the covenants of the Macau Credit Facility, to maintain proper qualifications, or cause a default under, the Subconcession Contract or any of our land concession contracts; (iii) not to, and cause its subsidiaries other than those directly subject to the covenants of the Macau Credit Facility, not to, modify, restate or alter the Usufruct Agreement unless required by the laws of the MSAR; (iv) to restrict VVDIL from incurring any indebtedness, creating liens or disposing of its equity interest in VML or any of VML's subsidiaries; and (v) not to, and cause its subsidiaries, other than those directly subject to the covenants of the Macau Credit Facility, not to, transfer, sell, pledge, grant security or otherwise dispose of any equity interests owned by any of them in violation of the Subconcession Contract or any of our land concession contracts.

Amendments on August 12, 2009

The Macau Credit Facility contained certain change of control provisions and events of default related thereto that would have prevented us from pursuing the [●]. We therefore initiated discussions with our lenders to amend these provisions. While doing so, we took the opportunity to amend certain other covenants to improve our liquidity position and enhance our financing flexibility going forward. On August 12, 2009, the Macau Credit Facility was amended to:

- amend the definition of change of control to permit the [●], provided that upon consummation of the [●], all tranches of loans under the Macau Credit Facility will be permanently repaid on a pro rata basis by US$500.0 million (repayments of outstanding revolving loans will also serve to permanently reduce the corresponding commitments by such repayment amount);
- change the maximum consolidated total debt to consolidated adjusted EBITDA (each as defined in the Macau Credit Facility) ratio (the "consolidated leverage ratio") to the levels described below;
- amend the definition of consolidated adjusted EBITDA to allow for the add-back of certain annualized cost savings that have already been realized, but not fully reflected in consolidated adjusted EBITDA (as defined in the Macau Credit Facility) for the applicable prior 12 month period;
- provide for the ability to issue up to US$1,000.0 million of first lien secured bonds that are secured *pari passu* with the Macau Credit Facility, so long as the net proceeds are used to first repay the term loan tranches under the Macau Credit Facility on a pro rata basis with any remainder to repay the revolving loans;
- provide for the ability to issue up to US$500.0 million of second lien or unsecured bonds, the net proceeds of which can be used for the development of Parcels 5 and 6, provided, that (1) the pro forma consolidated leverage ratio shall not be greater than 3.00 to 1.00, and (2) the maturity date of, and the date any installment of principal is due on, such bonds is after the latest maturity date of any loan under the Macau Credit Facility; and
- provide for the ability to add a new revolver tranche (the "Delayed Start Revolving Loans") to the Macau Credit Facility, which would be effective as of, or within one year after the existing revolver maturity date of, May 2011, subject to certain conditions and the willingness of lenders to provide such financing.

Outstanding Amounts

As of September 30, 2009, all loans under the Macau Credit Facility were fully drawn, except for approximately US$129.7 million currently available under the Revolving Loans (including approximately US$6.6 million committed by Lehman Commercial Paper Inc., which we are no longer able to draw upon in the future). As of June 30, 2009, the aggregate outstanding principal amounts drawn under the Macau Credit Facility were:

- US$94.3 million under the Local Term Loans;
- US$2,493.8 million under the Term B Loans; and
- US$570.3 million under the Revolving Loans.

As of the Latest Practicable Date, the total amount of facilities drawn down by the Group from Lehman Commercial Paper Inc. was US$34.9 million, which consisted of (i) US$14.6 million of the outstanding Funded Term B Loans; (ii) US$11.5 million of the outstanding Delayed Draw Term B Loans; and (iii) US$8.8 million of the outstanding Revolving Loans. The inability of Lehman Commercial Paper Inc. to fund its US$6.6 million commitment under our Revolving Loans has had no impact on the timing of repayments of amounts which we borrowed from Lehman Commercial Paper Inc. Our repayments, including any repayments to Lehman, will be made in accordance with the standard repayment terms set forth in the Macau Credit Facility.

Interest Rate

Borrowings under the Macau Credit Facility bear interest, at the Borrower's option, at either an adjusted Eurodollar rate (or, in the case of the Local Term Loans, adjusted HIBOR) plus a credit spread or at a base rate (which is the higher of (a) the U.S. Dollar prime lending rate announced by the New York office of the administrative agent, with respect to the U.S. Dollar denominated loans; and the Hong Kong Dollar generally applicable prime lending rate announced by the Hong Kong office of the administrative agent, with respect to the Hong Kong dollar or pataca denominated loans, or (b) the rate which is a half of 1.0% in excess of the federal funds effective rate published by the Federal Reserve Bank of New York) plus a credit spread. The credit spread prior to the amendment on August 12, 2009 was 1.25% per annum for loans accruing interest at a base rate, 2.25% per annum for Revolving Loans or Term B Loans accruing interest at an adjusted Eurodollar rate, and 2.25% per annum for Local Term Loans accruing interest at an adjusted HIBOR. As a result of the amendment on August 12, 2009, the credit spread was increased to 5.5% per annum for loans accruing interest at the adjusted Eurodollar rate and adjusted HIBOR, and 4.5% per annum for loans accruing interest at the base rate until the repayment of US$500.0 million aggregate principal amount of the loans under the Macau Credit Facility to the lenders following the completion of [●], and 4.5% per annum thereafter for loans accruing interest at the adjusted Eurodollar rate and adjusted HIBOR, and 3.5% per annum thereafter for loans accruing interest at the base rate. With respect to the Local Term Loans and the Revolving Loans, these credit spreads will be adjusted depending on a consolidated leverage ratio.

Maturity and Repayment

Local Term Loans. The principal payments on the Local Term Loans of 6.25% of the initial aggregate principal amount, or $6.25 million, are required to be made in installments on a quarterly basis and commenced in July 2009. The remainder of the loans shall be due in four equal installments on the final three interest payment dates and on the maturity date, which is May 2011.

Term B Loans. The principal payments on the Term B Loans in an amount of US$6.25 million, equal to 0.25% of the initial aggregate principal amount of the outstanding Term B Loans, are required to be made in installments on each interest payment date for Term Loans and commenced in June 2009. The remainder of the loans shall be due in four equal installments on the final three interest payment dates and on the applicable maturity date, which is May 2012 for the Term B Delayed Draw Loans or May 2013 for the Term B Funded Loans.

Revolving Loans. The Revolving Loans shall be due on May 2011, provided that prior to or after the maturity date of the Revolving Loans, the Borrower may by written notice to the syndication agent and the administrative agent elect to request the commitment of Delayed Start Revolving Loans in an aggregate amount of the then outstanding commitment of Revolving Loans, which shall then become effective from or within one year after the maturity date of the Revolving Loans, subject to the lenders' willingness to provide financing and certain other conditions such as the absence of an event of default.

Prepayments

The Borrower may repay the loans at any time in whole or in part (subject to certain minimum amounts if prepaid in part) upon one or five (depending on the type of underlying rates) business days' prior notice. In addition, the Macau Credit Facility requires the Borrower to make mandatory prepayments of the loans with certain funds, including:

- the proceeds of asset sales, subject to certain reinvestment rights;
- insurance proceeds from casualty events, subject to certain reinvestment rights;
- indebtedness, except for certain indebtedness permitted under the Macau Credit Facility; and
- a portion of excess cash flow, subject to certain timing and other conditions.

Covenants

Following the amendment on August 12, 2009, the Macau Credit Facility includes the following material financial covenants:

(i) a consolidated adjusted EBITDA to consolidated interest expense ratio ("consolidated interest coverage ratio") for any relevant quarter period, each being three months ending March 31, June 30, September 30 and December 31 in each year (the "fiscal quarter"), of not less than 4.00:1.00; and

(ii) a consolidated leverage ratio of not more than:

- 4.50 to 1.00 for the fiscal quarters ending September 30, 2009 and December 31, 2009;
- 4.00 to 1.00 for the fiscal quarters ending March 31, 2010 and June 30, 2010;
- 3.50 to 1.00 for the fiscal quarters ending September 30, 2010 and December 31, 2010;
- 3.00 to 1.00 for any fiscal quarter ending after December 31, 2010.

The restricted subsidiaries are certain subsidiaries of VML, including VCL, Venetian Macau Finance Company and V-HK Services Limited. The excluded subsidiaries ("Excluded Subsidiaries") comprise all other subsidiaries of VML, including Venetian Orient Limited, which holds interests in the Cotai Strip development on Parcels 5 and 6, and its subsidiaries. The Macau Credit Facility contains the following additional material covenants, which apply to the Borrower, VML and the restricted subsidiaries:

(i) limitations on incurrence of indebtedness, subject to, among others, the following material exceptions: (a) unsecured indebtedness up to an aggregate principal amount of US$100.0 million provided that if the consolidated leverage ratio is less than 3.00 to 1.00 after giving effect to such unsecured indebtedness, such indebtedness shall be unlimited, provided further that no installment of principal of such indebtedness shall mature earlier than May 2014; (b) unsecured indebtedness up to an aggregate principal amount of US$50.0 million the proceeds of which are used to finance investments in Excluded Subsidiaries, provided that no installment of principal of such indebtedness shall mature earlier than May 2014; (c) indebtedness corresponding to the contingent obligations permitted under the Macau

Credit Facility; (d) subordinated intercompany indebtedness owed to the Borrower, VML or the restricted subsidiaries; (e) intercompany indebtedness constituting an investment under the Macau Credit Facility; (f) indebtedness constituting shareholder subordinated indebtedness incurred for the purpose of contributing to consolidated adjusted EBITDA; (g) indebtedness incurred solely in respect of (x) performance bonds, completion guarantees, standby letters of credit or bankers' acceptances in the ordinary course of business in order to provide security for certain purposes designated therein and (y) bonds securing the performance of judgments or a stay of process in proceedings; provided that all such indebtedness does not exceed an aggregate principal outstanding amount of US$125.0 million and the incurrence of such indebtedness does not result in the incurrence of any obligation for the payment of borrowed money of others; (h) unsecured indebtedness in connection with VML's acquisition of constructions on Parcels 3, 7 and 8 in an aggregate amount no more than US$50.0 million; (i) indebtedness for the purpose of financing or refinancing the purchase price or cost of construction, installation and/or improvement of property in an aggregate amount no more than US$50.0 million plus refinancing fees; (j) indebtedness associated with any guarantees of payments required to be made to the Macau Government under VML's Subconcession and the land concession; (k) indebtedness incurred for the purpose of hedging currency or commodity risks; (l) other subordinated indebtedness permitted under the Macau Credit Facility; (m) indebtedness for the financing of furniture, fixture and equipment in an aggregate amount no more than US$350.0 million; and (n) other unsecured indebtedness up to an aggregate principal amount of US$50.0 million, provided that no installment of principal of such indebtedness shall mature earlier than May 2014;

(ii) limitations on liens or pledges;

(iii) limitations on investments, joint ventures or the formation of subsidiaries, subject to, among others, the following material exceptions: (a) investments in cash equivalents; (b) investments in VML, the Borrower or any restricted subsidiary; (c) investments resulting from an asset swap; (d) investments in the development and construction of hotel resorts in Parcels 5 and 6 in an aggregate principal amount of no more than US$800 million; (e) investments in the Excluded Subsidiaries consisting of (i) cash and cash equivalents of up to US$100.0 million in the aggregate and (ii) guarantees of up to US$200.0 million in the aggregate of indebtedness of any Excluded Subsidiary or joint venture, provided that the consolidated leverage ratio is less than 3.00 to 1.00; (f) other investments in Excluded Subsidiaries of no more than US$50.0 million in the aggregate; (g) reinvestments in Excluded Subsidiaries of the cash flows received from the Excluded Subsidiaries; (h) other investments of no more than US$50.0 million in the aggregate and (i) investments of up to US$200.0 million in the aggregate in Excluded Subsidiaries developing projects on Parcels 3, 7 and 8;

(iv) limitations on payments of dividends, distributions or other forms of redemption, retirements or similar payments by VML, pursuant to which VML is permitted to pay dividends on its common stock (a) in an amount of up to US$300.0 million in the aggregate in any fiscal year if, after giving effect to such payment, the consolidated leverage ratio is less than 3.00 to 1.00 but greater than or equal to 2.50 to 1.00, and (b) in an unlimited amount if the consolidated leverage ratio is less than 2.50 to 1.00 after giving effect to such payment;

(v) limitations on change of control, merger, consolidation, liquidation or asset sales pursuant to which a change of control would occur, if, (a) LVS ceases to directly or indirectly own at least 50.1% of our Shares, subject to any mandatory minority shareholder requirement in Macau, (b) Mr. Sheldon Adelson and his affiliates or related parties cease to beneficially own at least 35.0% of the voting securities of LVS, (c) any person or group of related persons beneficially own a greater percentage of the voting securities of LVS than Mr. Sheldon Adelson and/or his affiliates and related parties, or (d) a change of control occurs under instruments of indebtedness of LVS, Las Vegas Sands, LLC or Venetian

Casino Resorts, LLC where the amount of indebtedness recorded in such instrument is in excess of US$75.0 million;

(vi) limitations on the disposal of subsidiary stock;

(vii) limitations on the incurrence of consolidated capital maintenance expenditures in any fiscal year of no more than US$105.0 million if the consolidated leverage ratio is greater than 4.00 to 1.00, US$155.0 million if the consolidated leverage ratio is less than 4.00 to 1.00 but greater than 3.00 to 1.00 and US$205.0 million if the consolidated leverage ratio is less than 3.00 to 1.00 but greater than 2.50 to 1.00, provided that these limitations do not apply if the consolidated leverage ratio is less than 2.50 to 1:00; provided further that these limitations are subject to adjustments when we open additional properties; and

(viii) limitations on substantial changes to the general nature of our business.

Any breach of these covenants could, subject to notice and applicable grace periods, result in an event of default under the Macau Credit Facility which would permit the lenders to accelerate any and all loans outstanding under the Macau Credit Facility.

Events of Default

The Macau Credit Facility contains events of default customary for such financings, including but not limited to non-payment of principal, interest, fees or other amounts when due; breach of covenants; failure of any representation or warranty to be true in all material respects when made or deemed made; cross default and cross acceleration; change of control; dissolution; insolvency; bankruptcy events; material judgments; actual or asserted invalidity of the guarantees or security documents; and the loss of the Subconcession and certain land concessions. In addition, the following will constitute events of default under the Macau Credit Facility:

(i) involuntary or voluntary bankruptcy or insolvency of LVS, one of our Controlling Shareholders;

(ii) a change of control event including any sale, pledge or transfer of securities by Sheldon G. Adelson pursuant to which (a) Mr. Adelson and/or his affiliates or related parties ceases to own at least 35.0% of voting securities of LVS, (b) any person or group of related persons owns a greater percentage of the voting securities than Mr. Adelson and/or his affiliates or related parties, or (c) LVS ceases to own, either directly or indirectly, (x) prior to the occurrence of a permitted equity sale, 100% of the common equity interests of VML and (y) following the occurrence of a permitted equity sale, 50.1% of the common equity interests of the VML, subject, in each case, to the Usufruct Agreement and any mandatory minority shareholder requirements in Macau;

(iii) a change of control (as defined in other debt instruments where the amount of indebtedness recorded in such instrument is in excess of US$75.0 million) of any of LVS, Las Vegas Sands, LLC, Venetian Casino Resort, LLC, the Borrower, VML or any restricted subsidiary has occurred; or

(iv) LVS contests the validity or enforceability of the Sponsor Agreement or LVS breaches the Sponsor Agreement.

If such events of default were to occur, our payment obligations under the Macau Credit Facility may immediately become due and payable to the lenders. Some of these events of default allow for grace periods and are subject to materiality thresholds.

Compliance with Financial Covenants

The following table sets forth our financial ratios as of June 30, 2009 and as of September 30, 2009:

Financial Ratios	Ratio requirement as of June 30, 2009	As of June 30, 2009	Ratio requirement as of September 30, 2009	As of September 30, 2009
Consolidated interest coverage ratio	Not less than 3.50	5.73	Not less than 4.00	6.47
Consolidated leverage ratio	Not more than 4.00	3.83	Not more than 4.50	3.48

Ferry Financing Facility

Our indirect subsidiary, Cotai Ferry Company Limited ("Cotai Ferry," formally known as Cotai Waterjets (Macau) Ltd), as borrower, and Banco Nacional Ultramarino S.A. ("BNU"), as lender, entered into a HK$1,209.0 million (US$156.0 million) dual currency term secured facility agreement dated January 17, 2008. The purpose of the Ferry Financing Facility was to finance the purchase of ten ferries, which are respectively owned by ten ferry companies that are subsidiaries of our Group.

As with the Macau Credit Facility, the Ferry Financing Facility contained certain change of control provisions that would have prevented us from pursuing [●]. We therefore initiated discussions with our lenders to amend these provisions. While doing so, we took the opportunity to work with our lenders to remove all financial covenants set forth in the Ferry Financing Facility. We also amended the change of control provisions to conform with the change of control amendments to the Macau Credit Facility and shortened the maturity of the Ferry Financing Facility by 1.5 years. We believe these amendments, which took effect on August 20, 2009, will improve our liquidity position going forward. See "—Covenants."

Utilization

Cotai Ferry was able to draw down the Ferry Financing Facility within an 18-month availability period beginning from the date of the Ferry Financing Facility by submitting a duly completed utilization report each time Cotai Ferry wanted to draw down a loan. The Ferry Financing Facility provided that the proceeds from the Ferry Financing Facility were to be used to fund the costs incurred by the ferry companies in relation to the purchase of the ferries including progress payments as well as costs incidental to the acquisition of the ferries. Cotai Ferry's obligations under the Ferry Financing Facility were secured by the ten ferries purchased and were also guaranteed by VML and each of the ferry companies (collectively "Ferry Guarantors").

Interest Rate

As a result of entering into the addendum to the Ferry Financing Facility dated August 20, 2009, loans under the Ferry Financing Facility now bear interest at HIBOR plus 2.5% if the loans are made in Hong Kong dollars, or LIBOR plus 2.5% if the loans are made in U.S. dollars. Cotai Ferry may select all interest payment period of one, two or three months, and it must pay the accrued interest on the last day of such interest period.

Maturity and Repayment

The Ferry Financing Facility matures in December 2015 and Cotai Ferry is required to make repayments in 26 equal quarterly installments of principal and accrued interest then due commencing in October 2009.

Prepayment

Cotai Ferry may prepay the loans at any time in whole or in part by giving not less than five business days prior notice. If a ferry is lost through destruction, compulsory acquisition by any government, hijacking or theft ("Total Loss"), Cotai Ferry is required to prepay all principal amounts outstanding under the Ferry Financing Facility on a pro rata basis in relation to that ferry upon the earlier of receipt of the insurance proceeds for the ferry and 180 days after the date of the Total Loss. Cotai Ferry is also required to apply all liquidated damages and all insurance proceeds it receives in excess of US$1.0 million to the principal amounts outstanding under the Ferry Financing Facility.

Indemnity and Events of Default

Cotai Ferry is required to indemnify BNU and the trustees under the Ferry Financing Facility (the "Finance Parties") against any cost, loss or liability incurred as a result of the occurrence of certain events, including but not limited to the following:

- the occurrence of an event of default;
- the information produced by Cotai Ferry or any of the Ferry Guarantors being misleading or deceptive in any respect; and
- any enquiry, investigation or litigation with respect to any of Cotai Ferry or the Ferry Guarantors.

Cotai Ferry is also required to indemnify the Finance Parties against any costs incurred by such Finance Parties as a result of the compliance of any law or regulation made after the date of the Ferry Financing Facility, as well as costs arising out of the currency conversion of any sum paid to the Finance Parties.

The Ferry Financing Facility contains events of default customary for such financings, including but not limited to non-payment of principal, interest, fees or other amounts when due; violation of covenants; failure of any representation or warranty to be true in all material respects when made or deemed made; cross default and cross acceleration; change of control in respect of Cotai Ferry or each of the Ferry Guarantors; dissolution; insolvency; bankruptcy events; material judgments; and actual or asserted invalidity of the guarantees or security documents. In addition, an event of default would occur if VML failed to perform its material obligations under the guarantee, if such guarantee becomes unlawful or if there is a material adverse change with respect to the business or financial condition of Cotai Ferry. Cotai Ferry's loss of the right to provide ferry services would result in an event of default only if Cotai Ferry failed to secure new rights to provide ferry services after six months of the loss of the right (known as a "discussion period"), during which we are afforded the opportunity to seek a new arrangement that would allow us to resume the provision of ferry services. Based on the advice of our Macau legal advisor, we believe that, should Cotai Ferry lose its rights under its current ferry agreement, the risk of not securing renewed rights within six months of such loss would be remote. Our Macau legal advisor has advised us that even if there is an unfavorable court decision, the Macau Government could opt to undertake the following measures: (i) use existing legal prerogatives entitling the Macau Government not to execute an unfavorable judgment of the court if it is deemed to be contrary to the public interest; and/or (ii) start a public tender process to avoid any of the illegalities alleged in the court proceeding. If the Macau Government exercises its legal prerogative to not execute the court's judgment and commences a public tender process, we would be allowed to continue ferry operations until such time when the right to operate the ferries is secured. Furthermore, if the Macau Government were to start a public tender process, Cotai Ferry would not be barred from reapplying for rights to provide ferry services in the public tender. Although we are unable to speculate as to what actions the Macau Government will ultimately undertake, we and our Macau counsel believe that there are sufficient options available to us to resecure the ferry agreement should the ferry litigation yield an unfavorable outcome. See "Risk Factors—Risk Relating to Our Cotai Strip Development."

Upon the occurrence of an event of default, BNU may cancel the Ferry Financing Facility and accelerate the repayment of the outstanding loans and interest, which would require us to repay such amounts with cash-on-hand or to seek any necessary refinancing to repay such amount.

Covenants

As a result of entering into the addendum to the Ferry Financing Facility, dated August 20, 2009, Cotai Ferry is no longer required to comply with any financial covenants.

Accordion Option

The Ferry Financing Facility contained an option pursuant to which Cotai Ferry was permitted to request an increase in the total Ferry Financing Facility available to Cotai Ferry by an additional HK$1,209.0 million (US$156.0 million) to fund the purchase of ten additional ferries (the "Accordion Option"). In July 2008, Cotai Ferry exercised the Accordion Option, with respect to the purchase of four additional ferries, and entered into a supplement to the Ferry Financing Facility with Bank of China Ltd, Macau Branch that increased the Ferry Financing Facility by an additional HK$561.6 million (US$72.5 million). The supplemental credit facility is secured by all ferries and guaranteed by the Ferry Guarantors and additional ferry companies.

Outstanding Amounts

As of September 30, 2009, all loans under the Ferry Financing Facility were fully drawn with an aggregate outstanding principal amount of US$228.5 million.

Motor Vehicle Facility

In March 2008, VML entered into a loan agreement with BNU to borrow MOP200.9 million (US$25.1 million) for the purposes of financing the purchase of certain motor vehicles (the "Motor Vehicle Facility"). The Motor Vehicle Facility is available for draw down until December 31, 2010 and any amount undrawn at the expiry of this period will be cancelled. Loans under the Motor Vehicle Facility bear interest at three-month HIBOR plus 2.25% and interest payment is made quarterly beginning at the end of the first draw down. The Motor Vehicle Facility matures in December 2011 and the repayment of outstanding loans is to be made in four equal installments between March 2011 and December 2011. The Motor Vehicle Facility is secured by all the motor vehicles purchased with the loan granted under the Motor Vehicle Facility. BNU may accelerate the repayment of any outstanding loans under the Motor Vehicle Facility if an event of default occurs with respect to VML and is not remedied within 30 days. An event of default includes insolvency, a breach of material obligations under the Motor Vehicle Facility by VML, a material adverse change occurs in respect of the financial conditions of VML, suspension or termination of VML's core business and actual or threatened legal proceedings against VML. As of September 30, 2009, the aggregate outstanding principal amount drawn under the Motor Vehicle Facility was US$11.0 million.

During the Track Record Period and as of the Latest Practicable Date, our Group has not experienced any delay in the payment of principal or interest or any non-compliance with the original or amended terms and conditions of the Macau Credit Facility, Ferry Financing Facility and Motor Vehicle Facility, including any financial covenants. Other than the amendments to the Macau Credit Facility and the Ferry Financing Facility, as of the Latest Practicable Date, our Group has not entered into any negotiations for changes in repayment schedules or other major terms of these facilities.

As at the Latest Practicable Date, the LVS Group has not provided any security and/or guarantee on our Group's borrowings.

AGGREGATE INDEBTEDNESS AND OTHER KNOWN CONTRACTUAL OBLIGATIONS

Our Group's borrowings are summarized as follows:

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(audited)	(audited)	(audited)	(audited)	(unaudited)
			(US$ in millions)		
Non-current					
Bank loans, secured	1,300.0	2,844.8	3,481.4	3,327.2	3,297.6
Notes payable to related companies	124.6	129.2	153.2	174.8	757.5
Finance lease liabilities, secured(1)	0.0	0.1	0.5	0.4	0.3
	1,424.7	2,974.0	3,635.1	3,502.4	4,055.4
Less: deferred financing costs	(37.5)	(38.8)	(36.2)	(30.8)	(45.9)
	1,387.1	2,935.2	3,598.9	3,471.7	4,009.6
Current portion					
Bank loans, secured	—	6.3	44.1	70.6	87.7
Finance lease liabilities, secured(1)	0.3	0.0	0.2	0.2	0.2
	0.3	6.3	44.3	70.8	87.9
Total borrowings	**1,387.5**	**2,941.5**	**3,643.2**	**3,542.5**	**4,097.4**

The maturity of bank loans and notes payable to related companies are as follows:

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
			(US$ in millions)		
Bank loans					
Repayable within 1 year	—	6.3	44.1	70.6	87.7
Repayable between 1 and 2 years	12.3	50.0	103.8	703.2	877.3
Repayable between 2 and 5 years	129.8	1,928.5	3,274.7	2,529.9	2,376.4
Repayable after 5 years	1,158.0	866.3	102.9	94.1	43.9
	1,300.0	2,851.0	3,525.5	3,397.8	3,385.3
Notes payable to related companies					
Repayable within 1 year	—	—	—	—	—
Repayable between 1 and 2 years	—	—	—	—	—
Repayable between 2 and 5 years	—	—	153.2	174.8	757.5
Repayable after 5 years	124.6	129.2	—	—	—
	124.6	129.2	153.2	174.8	757.5
Total bank loans and notes payable	**1,424.6**	**2,980.2**	**3,678.7**	**3,572.7**	**4,142.8**

(1) For finance lease liabilities, see Note 28 to the "Accountant's Report" set out in Appendix I to this document.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any transactions with special purpose entities, nor have we engaged in any derivative transactions other than interest rate caps.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted under IFRS requires our management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. These estimates and judgments are based on historical information, information that is currently available to us and on various other assumptions that management believes to be reasonable under the circumstances. Actual results could vary from those estimates and we may change our estimates and assumptions in future evaluations. Changes in these estimates and assumptions may have a material effect on our results of operations and financial condition. We believe that the critical accounting policies discussed below affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

Gross casino revenue is the aggregate of gaming wins and losses. We record commissions rebated directly or indirectly through Gaming Promoters to customers, cash discounts and other cash incentives to customers related to gaming play as a reduction to gross casino revenue to obtain net casino revenue. Room revenue is recognized at the time of occupancy. Food and beverage revenue is recognized at the time of service. Convention revenue is recognized when the event is held or the related services are rendered. Lease/right of use income from the grant of right of use (net of any incentives given to tenants/retailers) is recognized on a straight-line basis over the terms of the lease/ right of use. Sales of goods are recognized on the transfer of risks and rewards of ownership, which generally coincides with the time when the products are delivered to customers and title has passed. Mall management fees are recognized when services are rendered. Entertainment revenue derived from theater shows, concerts and sporting events is recognized at the time of performance. Ferry ticket sales are recognized when the services are rendered. Commission revenues from the selling of tickets and travel packages and providing destination marketing services are recognized when services are rendered. Interest income is recognized on a time-proportion basis using the effective interest method.

Allowance for Doubtful Accounts

Our Group maintains an allowance for doubtful casino, hotel and mall accounts and regularly evaluates the balances. Our Group specifically analyzes the collectability of each account with a balance over a specified dollar amount, based upon the age of the account, the customer's financial condition, collection history and any other known information, and our Group makes an allowance for trade receivables specifically identified as doubtful. Our Group also monitors regional and global economic conditions and forecasts in its evaluation of the adequacy of the recorded reserves. Table games play is primarily on a cash basis. Credit table games play represented approximately 5.1%, 10.4%, 23.7%, 18.2% and 29.4% in the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2008 and 2009, respectively, of total table games play. The proportion of credit play is expected to increase as we open new properties and increase the credit extended to our premium players in order to induce an increase in the level of play and drive gaming volume. Our Group has also been increasing the amount of credit extended to our Gaming Promoters to secure gaming promotion services at our properties. As the credit extended to Gaming Promoters can be offset by commissions payable to such Gaming Promoters, the related allowance for doubtful accounts is not material. As additional credit is extended to premium players and Gaming Promoters, incremental reserves may be required should our management determine that collection of an account is doubtful. Our Group believes that the concentration of its credit risk in casino receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures and also believes that no significant credit risk is inherent in our Group's trade receivables not provided for as of December 31, 2006, 2007 and 2008 and as of June 30, 2009.

Litigation Provisions

We are subject to various claims and legal actions. The accruals for these claims and legal actions are estimated in accordance with IAS 37 "provisions, contingent liabilities and contingent assets." Based on consultation with our Macau legal counsel, management estimated that no significant loss would be incurred beyond the amounts provided.

Investment Properties

Investment properties, principally comprising buildings and building improvements, are held for long-term rental yields or capital appreciation or both and are not occupied by Group companies. Prior to January 1, 2009, investment properties under construction or development were classified as construction-in-progress and included in property and equipment. Completed properties were transferred to investment properties at their carrying costs and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Investment properties are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives of 15 to 40 years. The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in the combined income statements when the changes arise.

Upon the adoption of IAS 40 (Amendment) on January 1, 2009, investment properties that are currently being constructed or developed are classified as investment properties and stated at cost less accumulated impairment losses.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Property and equipment are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives. Leasehold improvements are amortized over the shorter of the estimated useful lives or the minimum lease term. Our assets are depreciated over the following terms:

Land improvements, buildings and building improvement	15 – 40 years
Ferries	20 years
Furniture, fittings and equipment	3 – 6 years
Vehicles	5 years

Subsequent costs on property and equipment are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the combined income statements during the period in which they are incurred.

Construction-in-progress represents property and equipment under construction and is stated at cost. This includes the direct costs of purchase, construction and capitalized borrowing costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for its intended use and when they are transferred to the relevant asset category.

Leasehold Interests in Land

Leasehold interests in land represent payments made for the use of land over an extended period of time. The leasehold interests in land are amortized on a straight-line basis over the expected term of the related lease agreements. Such assets are not considered qualifying assets for purposes of capitalizing interest and as such, are not included in the base used to determine capitalized interest.

Impairment of Non-financial Assets

Assets that have an indefinite useful life are not subject to amortization, and are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e., cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial Assets

Our financial assets are primarily loans and receivables and financial assets at fair value through profit or loss. Purchases and sales of financial assets are recognized on the trade-date—the date on which our Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. The accounting policies adopted with respect to each category of financial assets are set out below.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Share-Based Compensation

Our Group participates in the equity settled share-based compensation plans of LVS and is a party to a nonqualified share option plan, Las Vegas Sands Corp. 2004 Equity Award Plan (the "2004 Plan"). The plan provides for the granting of share options pursuant to the applicable provisions of the Internal Revenue Code and regulations in the United States of America. LVS adopted the 2004 Plan, to which our Group is a party, for grants of option to purchase its common shares.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision of original estimates, if any, in the combined income statements with a corresponding adjustment to payables to LVS through December 31, 2007 and to equity beginning January 1, 2008.

Recent Accounting Pronouncements

See related disclosure at "Accountant's Report—Notes to the Financial Information—Summary of significant accounting policies—Changes in accounting policies."

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our primary exposure to market risk is interest rate risk. Our long-term borrowings are issued at variable rates. We attempt to manage the interest rate risk associated with our variable-rate borrowings through interest rate cap agreements. During the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009, our borrowings at variable rate were mainly denominated in United States dollars, Hong Kong dollars and MOP.

During the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009, if interest rates on U.S. dollar-denominated borrowings had been 50 basis points higher or lower with all other variables held constant, post-tax profit for the year/period would have been correspondingly higher or lower by US$6.6 million, US$14.4 million, US$16.7 million and US$8.1 million, respectively. During the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis points lower or higher with all other variables held constant, post-tax profit would have been correspondingly lower or higher by US$nil, US$nil, US$1.1 million and US$0.6 million, respectively. During the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009, if interest rates on MOP-denominated borrowings had been 50 basis points higher or lower with all other variables held constant, post-tax profit would have been correspondingly lower or higher by approximately US$0.5 million, US$0.5 million, US$0.5 million and US$0.3 million, respectively.

Borrowings under our Macau Credit Facility, as amended, bear interest at our election, at either an adjusted Eurodollar rate (or in the case of the local term loan, adjusted HIBOR) plus 5.5% per annum or at an alternative base rate plus 4.5% per annum, and are subject to a downward adjustment of 1.0% per annum following the repayment of US$500.0 million principal amount of loans under the Macau Credit Facility from the proceeds of the completed [●]. Borrowings under the Ferry Financing Facility bears interest at HIBOR plus 2.5% per annum, if borrowings are made in Hong Kong dollars, or LIBOR plus 2.5% per annum, if borrowings are made in U.S. dollars. All borrowings under the Ferry Financing Facility were made in Hong Kong dollars as of June 30, 2009.

We do not hold or issue financial instruments for trading purposes and do not enter into derivative transactions that would be considered speculative positions. Our derivative financial instruments consist exclusively of interest rate cap agreements, which do not qualify for hedge accounting.

To manage exposure to counterparty credit risk in interest rate cap agreements, we enter into agreements with highly rated institutions that can be expected to fully perform under the terms of such agreements. Frequently, these institutions are also members of the bank group providing us with credit facilities, which management believes further minimizes the risk of non-performance.

Foreign Exchange Risk

Our foreign currency transactions are mainly denominated in U.S. dollars. The majority of assets and liabilities are denominated in U.S. dollars and MOP, and we have no significant assets and liabilities denominated in other currencies. We are subject to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities that are denominated in a currency other than MOP, which is the functional currency of major operating companies within our Group. We currently do not have a foreign currency hedging policy.

For companies in our Group with MOP as their functional currency, as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, if the U.S. dollar had weakened or strengthened by 1%

against the MOP, with all other variables held constant, pre-tax profit would have been correspondingly higher or lower by approximately US$9.5 million, US$27.9 million, US$44.1 million and US$42.6 million, respectively, primarily due to the translation of U.S. dollar-denominated cash and cash equivalents, deposits and borrowings.

INFLATION

In 2006, 2007 and 2008, the inflation rates in Macau were 5.2%, 5.6%, and 8.6%, respectively. We believe that inflation and changing prices have not had a material impact on our sales, revenues or income from continuing operations during the past three fiscal years.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Save in relation to [●], we confirm that, as of [June 30, 2009], we are not aware of any circumstances that would give rise to a disclosure requirement under Listing Rules 13.13 to 13.19.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

On the bases and assumptions set out in "Profit Forecast" in Appendix III to this document and, in the absence of unforeseen circumstances, certain profit forecast data of our Group for the year ending December 31, 2009 is set forth below:

	Based on [●]	Based on [●]
Forecast consolidated profit attributable to equity holders of our Company for the year ending December 31, 2009(1). . . .	Not less than US$[192.4] million	Not less than US$[192.4] million

(1) The bases and assumptions on which the above profit forecast has been prepared are set out in "Profit Forecast" in Appendix III to this document. Our Directors have prepared the forecast consolidated profit attributable to equity holders of our Company for the year ending December 31, 2009 based on the audited combined results of our Group for the six months ended June 30, 2009, the unaudited combined results based on management accounts of our Group for the three months ended September 30, 2009 and a forecast of the consolidated results of our Group for the remaining three months ending December 31, 2009. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by our Group as set out in Note 2 of Section II of the Accountant's Report, the text of which is set out in Appendix I to this document.

ADJUSTED EBITDAR FORECAST

The forecast adjusted EBITDAR of our Company has been derived from and on the same bases and assumptions as the "Profit Forecast" in Appendix III to this document. In the absence of unforeseen circumstances, forecast adjusted EBITDAR for the year ending December 31, 2009 will not be less than US$[802.9] million.

Adjusted EBITDAR is used by management as the primary measure of operating performance of our Group's properties and to compare the operating performance of our Group's properties with that of its competitors. However, adjusted EBITDAR should not be considered in isolation or construed as an alternative to profit or operating profit, or as an indicator of our IFRS operating performance or other combined operations or cash flow data prepared in accordance with IFRS, or as an alternative to cash flow as a measure of liquidity. Adjusted EBITDAR presented in this document may not be comparable to other similarly titled measures of other companies. In addition, our adjusted EBITDAR presented in this document may differ from that adjusted EBITDAR presented by LVS for its Macau segment in its filings with the U.S. Securities and Exchange Commission. For a quantitative reconciliation of adjusted EBITDAR to its most directly comparable IFRS measurement, operating profit for the years ended December 31, 2006, 2007 and 2008, for the six months ended June 30, 2008 and 2009 and for the three months ended September 30, 2008 and 2009, see "—Summary of Results of Operations—Adjusted EBITDAR."

DIVIDENDS

We do not expect to pay cash dividends on our Shares in the foreseeable future. We intend to retain earnings to finance our operations and the expansion of our business, including the development of additional integrated resorts in Cotai. Our Board of Directors will determine whether to pay dividends in the future based on conditions then existing, including our earnings, financial condition and capital requirements, as well as economic and other conditions our Board may deem relevant. Our ability to declare and pay dividends on our Shares is also subject to the requirements of Cayman Islands law. Moreover, we are a holding company which is dependent upon the operations of our subsidiaries for cash and the terms of our subsidiaries' debt and other agreements restrict the ability of our subsidiaries to make dividends or other distributions to us. Specifically, pursuant to the Macau Credit Facility, there are restrictions on VML's ability to distribute dividends, and dividend distributions by VML are the principal means by which we would have the necessary funds to pay dividends on our Shares for the foreseeable future. Therefore, unless and until we pay cash dividends on our Shares, any gains from your investment in our Shares must come from an increase in the market price of such Shares. There are no restrictions under the Macau Credit Facility, Ferry Financing Facility or the Motor Vehicle Facility on our Company's ability to pay dividends.

Upon completion of [●] and the mandatory exchange of Bonds for Shares, there will be no restrictions in any of our loan agreements or other debt instruments that would limit or restrict our ability to pay dividends on our Shares, should we elect to pay dividends in the future.

DISTRIBUTABLE RESERVES

As of June 30, 2009, our Company did not have any distributable reserves.

PROPERTY INTERESTS

CB Richard Ellis Limited, an independent valuer, has valued our property interests as of [●] 2009 at approximately [●]. The text of its letter and valuation certificates are set out in Appendix IV to this document.

The table below shows the reconciliation of the net book value of the relevant property interests as of [●] 2009 to their fair value as of [●] 2009 as stated in Appendix IV to this document:

	US$ (in millions)
Net book value as at June 30, 2009	
—Investment properties, net	[●]
—Leasehold interests in land, net	[●]
	[●]
Depreciation/amortization for the three months ended September 30, 2009	[●]
Net book value as of September 30, 2009	[●]
Valuation surplus as of September 30, 2009	[●]
Valuation amount as of September 30, 2009	[●]

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position since June 30, 2009, being the date of the latest audited combined financial results of our Company as set out in Appendix I to this document.

QUARTERLY REPORTING OF LVS

As a 1934 Act reporting company, LVS is required to file quarterly financial reports. Since we are a material consolidated subsidiary of LVS, LVS's quarterly reports would contain material information concerning our results of operations. In order to provide our Shareholders with material information that is available to LVS's shareholders on a quarterly basis, we would need to provide unaudited quarterly financial information in Hong Kong in compliance with Rule 13.09 of the Listing Rules. When LVS releases its press release relating to its quarterly financial information (which will contain financial information relating to our Group) in the U.S., our Company will simultaneously make a Rule 13.09 announcement attaching a copy of such press release. The financial information relating to our Group contained in such press release will be presented in U.S. GAAP and there will not be any reconciliation of such financial information with IFRS. When LVS files its quarterly financial report (which will contain financial information relating to our Group) on Form 10-Q approximately two weeks after the press release of the quarterly financial information, our Company will make a Rule 13.09 announcement attaching a copy of such Form 10-Q, which will contain financial information relating to our Group presented in U.S. GAAP, and our Company will also disclose in that announcement our Company's quarterly financial information presented in IFRS. This reporting requirement would impose an additional administrative burden on us in preparing quarterly financial statements. See "Risk Factors—Risks Relating to Our On-Going Operations—LVS, our Controlling Shareholder, is subject to certain U.S. federal and state laws, which may impose on us greater administrative burdens and costs than we would otherwise have." Our interim and final reports will comply with all relevant Listing Rule requirements, including as to timing and required content.