The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F Prince's Building
Central, Hong Kong

[Draft]
[Date]

The Directors
Sands China Ltd.

Dear Sirs

We set out below our report on the financial information (the "Financial Information") of Sands China Ltd. (the "Company") and the companies now comprising the group (hereinafter collectively referred to as the "Group") set out in Sections I to III below, for inclusion in [●]. The Financial Information comprises the combined balance sheets as of December 31, 2006, 2007 and 2008 and as of June 30, 2009, the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in the Cayman Islands on July 15, 2009, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganization as described in Note 1 of Section II headed "Group reorganization and basis of presentation" (the "Reorganization") below, the Company became the holding company of the companies now comprising the Group.

As of the date of this report, the Company has direct and indirect interests in the companies now comprising the Group as set out in Note 32 of Section II below. All of these companies are private companies.

No audited financial statements have been prepared by the Company as it is newly incorporated and has not been involved in any significant business transactions since its date of incorporation other than the Reorganization.

All companies comprising the Group have adopted December 31 as their financial year end date. The statutory audited financial statements during the Relevant Periods of the companies now comprising the Group for which there is a statutory audit requirement have been prepared in accordance with relevant accounting principles applicable to their respective place of incorporation. Particulars of and the names of the statutory auditors of these companies are set out in Note 32 of Section II below.

For the purpose of this report, the directors of the Company have prepared combined financial statements of the Company and the companies now comprising the Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board. We have audited the Underlying

Financial Statements for each of the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB").

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 1 of Section II below.

Directors' responsibility

The directors of the Company are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements in accordance with IFRS.

For the financial information for each of the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with IFRS. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for the six months ended June 30, 2008, the directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the basis of presentation set out in Note 1 of Section II below and the accounting policies set out in Note 2 of Section II below which are in conformity with IFRS.

Reporting accountant's responsibility

For the financial information for each of the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the Underlying Financial Statements used in preparing the financial information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

For the financial information for the six months ended June 30, 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion and review conclusion

In our opinion, the financial information for each of the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, for the purpose of this report, and presented on the basis set out in Note 1 of Section II below, gives a true and fair view of the combined state of affairs of the Group as of December 31, 2006, 2007 and 2008 and June 30, 2009, and of the Group's combined results and cash flows for the respective years and period then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the six months ended June 30, 2008, for the purpose of this report, and presented on the basis set out in Note 1 of Section II below, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with IFRS.

I. FINANCIAL INFORMATION

The following is the Financial Information of the Group as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, and for each of the years ended December 31, 2006, 2007 and 2008, and each of the six months ended June 30, 2008 and 2009, prepared on the basis set out in Note 1 of Section II.

(a) Combined Income Statements

		Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
	Note	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Net revenues	5	1,281,093	1,966,212	3,053,319	1,490,591	1,500,587
Gaming tax		(562,766)	(884,870)	(1,300,477)	(641,943)	(633,417)
Inventories consumed		(13,023)	(24,003)	(42,241)	(18,033)	(20,408)
Employee benefit expenses	7	(175,567)	(349,247)	(517,910)	(264,559)	(232,856)
Depreciation and amortization		(35,163)	(104,047)	(268,220)	(123,388)	(158,444)
Gaming promoter/agency commissions		(37,763)	(102,810)	(162,051)	(77,735)	(86,827)
Other expenses	8	(78,487)	(257,340)	(468,446)	(193,076)	(258,560)
Operating profit		378,324	243,895	293,974	171,857	110,075
Interest income	5	27,783	29,226	4,801	2,454	281
Interest expense, net of amounts capitalized	9	(30,271)	(77,037)	(122,870)	(60,184)	(52,212)
Profit before income tax		375,836	196,084	175,905	114,127	58,144
Income tax (expenses)/credits	10	(2)	54	(169)	(142)	(167)
Profit for the year/period attributable to equity holders of the Company		375,834	196,138	175,736	113,985	57,977
Earnings per share for profit attributable to equity holders of the Company						
—Basic and diluted	11	N/A	N/A	N/A	N/A	N/A

(b) Combined Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Profit for the year/period attributable to equity holders of the Company	375,834	196,138	175,736	113,985	57,977
Other comprehensive (loss)/income, net of tax:					
Currency translation differences	(1,247)	(3,261)	8,410	311	182
Total comprehensive income for the year/period attributable to equity holders of the Company	374,587	192,877	184,146	114,296	58,159

(c) Combined Balance Sheets

	Note	As of December 31, 2006	As of December 31, 2007	As of December 31, 2008	As of June 30, 2009
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Non-current assets					
Investment properties, net	13	—	292,726	338,014	621,741
Leasehold interests in land, net	14	8,645	234,579	274,443	284,546
Property and equipment, net	15	2,008,676	3,568,731	5,235,823	5,007,964
Intangible assets, net	17	3,478	5,531	46,222	43,746
Deferred income tax assets	18	—	83	159	152
Financial assets at fair value through profit or loss	19	508	25	—	—
Other assets, net	20	2,354	34,714	60,770	58,216
Trade and other receivables and prepayments, net	23	—	25,132	91,457	61,671
Restricted cash	22	232,072	—	—	—
Total non-current assets		2,255,733	4,161,521	6,046,888	6,078,036
Current assets					
Inventories	24	1,663	8,410	10,915	10,119
Trade and other receivables and prepayments, net	23	17,668	239,975	287,947	244,341
Restricted cash	22	233,374	59,202	124,112	172,110
Cash and cash equivalents	21	278,509	439,395	417,769	340,620
Total current assets		531,214	746,982	840,743	767,190
Total assets		2,786,947	4,908,503	6,887,631	6,845,226
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Combined capital	25	—	—	—	—
Capital reserve	26	80,049	80,049	80,049	80,049
Statutory reserve	26	6,222	6,222	6,222	6,315
Share-based compensation reserve		—	—	17,538	21,387
Currency translation reserve		483	(2,778)	5,632	5,814
Retained earnings		768,219	964,357	1,140,093	1,197,977
Total equity		854,973	1,047,850	1,249,534	1,311,542
LIABILITIES					
Non-current liabilities					
Trade and other payables	29	282	6,831	12,663	12,872
Borrowings	27	1,387,125	2,935,219	3,598,862	3,471,661
Total non-current liabilities		1,387,407	2,942,050	3,611,525	3,484,533
Current liabilities					
Trade and other payables	29	544,225	912,302	1,982,042	1,977,942
Current income tax liabilities		2	31	232	392
Borrowings	27	340	6,270	44,298	70,817
Total current liabilities		544,567	918,603	2,026,572	2,049,151
Total liabilities		1,931,974	3,860,653	5,638,097	5,533,684
Total equity and liabilities		2,786,947	4,908,503	6,887,631	6,845,226
Net current liabilities		(13,353)	(171,621)	(1,185,829)	(1,281,961)
Total assets less current liabilities		2,242,380	3,989,900	4,861,059	4,796,075

(d) Combined Statements of Cash Flows

	Note	Year ended December 31, 2006 US$'000	2007 US$'000	2008 US$'000	Six months ended June 30, 2008 US$'000 (Unaudited)	2009 US$'000
Cash flows from operating activities						
Cash generated from operations	30	478,049	269,568	256,227	203,988	282,648
Income tax paid		—	—	(44)	(30)	—
Net cash generated from operating activities		478,049	269,568	256,183	203,958	282,648
Cash flows from investing activities						
(Increase)/decrease in restricted cash		(465,820)	406,006	(64,480)	(19,291)	(48,003)
Purchases of property and equipment and investment properties		(1,155,527)	(1,712,140)	(1,973,658)	(1,012,494)	(210,896)
Purchases of intangible assets		(1,831)	(24,061)	(24,195)	(8,722)	(915)
Proceeds from disposal of property and equipment		87	26	31	26	1,609
Notes receivable/amounts due from related companies		(50,000)	(174,225)	(5,514)	(2,894)	—
Settlement of notes receivable/ amounts due from related companies		50,000	25,000	140,500	140,500	13,440
Interest received		27,783	24,635	9,335	7,012	270
Net cash used in investing activities		(1,595,308)	(1,454,759)	(1,917,981)	(895,863)	(244,495)
Cash flows from financing activities						
Payments for financial assets at fair value through profit or loss		(1,000)	(109)	(20)	—	—
Proceeds from borrowings		1,300,000	1,551,000	672,296	367,724	9,885
Proceeds from notes payable to related companies		140,000	—	20,000	—	20,000
Proceeds from advances from related companies		104,464	55,586	1,143,792	478,792	42,252
Repayments of borrowings		(50,000)	—	—	—	(137,569)
Repayments of notes payable to related companies		(139,163)	—	—	—	—
Repayments of advances from related companies		—	(69,856)	—	—	—
Repayments of finance lease liabilities		(847)	(351)	(77)	(8)	(84)
Payments for deferred financing costs		(41,185)	(8,987)	(5,994)	(3,986)	(667)
Interest paid		(74,772)	(181,030)	(192,617)	(94,633)	(48,797)
Net cash generated from/(used in) financing activities		1,237,497	1,346,253	1,637,380	747,889	(114,980)
Net increase/(decrease) in cash and cash equivalents		120,238	161,062	(24,418)	55,984	(76,827)
Cash and cash equivalents at beginning of the year/period		158,536	278,509	439,395	439,395	417,769
Effect of exchange rate of the year/period		(265)	(176)	2,792	1,175	(322)
Cash and cash equivalents at end of the year/period	21	278,509	439,395	417,769	496,554	340,620

(e) Combined Statements of Changes in Equity

	Combined capital	Capital reserve	Statutory reserve	Share-based compensation reserve	Currency translation reserve	Retained earnings	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at January 1, 2006	—	80,049	6,222	—	1,730	392,385	480,386
Total comprehensive income	—	—	—	—	(1,247)	375,834	374,587
Share-based compensation granted by the Ultimate Parent Company	—	—	—	5,475	—	—	5,475
Recharge through payables to the Ultimate Parent Company	—	—	—	(5,475)	—	—	(5,475)
Balance at December 31, 2006	—	80,049	6,222	—	483	768,219	854,973
Total comprehensive income	—	—	—	—	(3,261)	196,138	192,877
Share-based compensation granted by the Ultimate Parent Company	—	—	—	11,209	—	—	11,209
Recharge through payables to the Ultimate Parent Company	—	—	—	(11,209)	—	—	(11,209)
Balance at December 31, 2007	—	80,049	6,222	—	(2,778)	964,357	1,047,850
Total comprehensive income	—	—	—	—	8,410	175,736	184,146
Share-based compensation granted by the Ultimate Parent Company	—	—	—	17,538	—	—	17,538
Balance at December 31, 2008	—	80,049	6,222	17,538	5,632	1,140,093	1,249,534
Total comprehensive income	—	—	—	—	182	57,977	58,159
Share-based compensation granted by the Ultimate Parent Company	—	—	—	3,849	—	—	3,849
Transfer to statutory reserve	—	—	93	—	—	(93)	—
Balance at June 30, 2009	—	80,049	6,315	21,387	5,814	1,197,977	1,311,542
For the six months ended June 30, 2008 (Unaudited)							
Balance at January 1, 2008	—	80,049	6,222	—	(2,778)	964,357	1,047,850
Total comprehensive income	—	—	—	—	311	113,985	114,296
Share-based compensation granted by the Ultimate Parent Company	—	—	—	8,511	—	—	8,511
Balance at June 30, 2008	—	80,049	6,222	8,511	(2,467)	1,078,342	1,170,657

II NOTES TO THE FINANCIAL INFORMATION

1 Group reorganization and basis of presentation

(a) Principal activities

Sands China Ltd. (the "Company") and the companies now comprising the Group are principally engaged in the installation, operation and management of games of fortune and chance in casinos, hotel resort operations and other ancillary services (the "Gaming and Other Related Operations") in the Macau Special Administrative Region of the People's Republic of China ("Macau").

The Group owns and operates the Sands Macao, the first Las Vegas-style casino in Macau, pursuant to a 20-year gaming subconcession.

The Group also owns and operates The Venetian Macao Resort Hotel ("The Venetian Macao"), which anchors the Cotai Strip, the Group's master-planned development of integrated resort properties in Macau.

In August 2008, the Group opened the Four Seasons Hotel, the Plaza Casino, the Shoppes at Four Seasons (together with the Paiza mansions opened in July 2009 and the apart-hotel tower, referred to as the "Plaza"). The Plaza is located adjacent to The Venetian Macao.

The Group's other ancillary services include ferry operations and other related operations.

(b) Organization and reorganization

The Company was incorporated in the Cayman Islands on July 15, 2009 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as part of the reorganization of Las Vegas Sands Corp. ("LVS" or the "Ultimate Parent Company") (the "Reorganization"). The Company is an investment holding company. The principal activities of the companies now comprising the Group are set out in Note 32. The Ultimate Parent Company is incorporated in Nevada, the United States of America, and currently listed on the New York Stock Exchange. The address of the Company's registered office is 87 Mary Street, George Town, Grand Cayman KYI-9005, Cayman Islands.

Prior to the Reorganization, the Gaming and Other Related Operations were carried out by various companies now comprising the Group and were owned or controlled by the Ultimate Parent Company.

For the preparation of the [●], the Reorganization was carried out to transfer the ownership in these companies to the Company. The steps of the Reorganization are summarized below:

- On September 2, 2009, Venetian Venture Development Intermediate I Limited ("VVDI (I)"), the then intermediate holding company of Venetian Venture Development Intermediate Limited ("VVDIL"), entered into sale and purchase agreements with VVDIL to sell its interests in Cotai WaterJets (HK) Limited and CotaiJet Holdings (II) Limited to VVDIL at HK$1.00 each;
- On September 28, 2009, VVDIL entered into sale and purchase agreements with VVDI (I) to sell its interests in World Sourcing Services Limited and Venetian Global Holdings Limited to VVDI (I) at HK$4,838,000 and US$1.00, respectively;
- On September 29, 2009, LVS IP Holdings, LLC was organized under the laws of Nevada as a wholly owned subsidiary of the Company;
- On [●], VVDI (I), the then intermediate holding company of VVDIL, was dissolved. LVS Dutch Intermediate Holding BV became the then holding company of Venetian Venture Development Intermediate II ("VVDI (II)"), the immediate holding company of VVDIL;
- On [●], VVDI (II) entered into a sale and purchase agreement with the Company to transfer its interest in VVDIL (including loans and advances previously extended by VVDI (II) to VVDIL that are still outstanding, all its rights as creditor under all such loans and advances) to the Company in exchange for new shares in the Company.

Upon the completion of the above reorganization steps, the Company became the holding company of the companies now comprising the Group.

(c) Basis of presentation

The Ultimate Parent Company owned and controlled the companies now comprising the Group before the Reorganization and continues to control these companies after the Reorganization. For the purpose of this report, the Reorganization is considered as a business combination under common control in a manner similar to pooling of interests and the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the HKICPA. The Financial Information includes the combined financial position, results and cash flows of the companies now comprising the Group as if the existing group structure had been in existence throughout the Relevant Periods or since the respective dates of incorporation/establishment or acquisition, whichever is the shorter period.

All significant intra-group transactions and balances have been eliminated on combination.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during the Relevant Periods.

(a) Basis of preparation

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. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 4.

As of June 30, 2009, the Group's current liabilities exceeded its current assets by US$1,282.0 million. The credit agreement entered by VML US Finance LLC ("VMLF"), a subsidiary within the Group (the "Borrower"), and Venetian Macau Limited ("VML"), Venetian Cotai Limited ("VCL") and certain other subsidiaries within the Group (collectively, the "Guarantors") dated May 25, 2006 (the "Macau Credit Facility"), requires VML and its restricted companies (collectively, the "Restricted Group") to comply with certain financial covenants at the end of each quarter, including maintaining a maximum leverage ratio of the consolidated total debt outstanding, as defined in the Macau Credit Facility as discussed in Note 27(a). On August 12, 2009, an amendment was made to the Macau Credit Facility which, among other things, increased the maximum leverage ratios for the quarters beginning after June 30, 2009 (see Note 35). The Ultimate Parent Company has also confirmed its intention not to demand repayment of the balances owed by the Group to other LVS group entities for the twelve months after June 30, 2009, or [●], whichever is earlier, so as to enable the Group to meet its obligations as and when they fall due, save for the amount that the Group may repay to the extent as appropriate using the proceeds from the bond offering of VVDI (II) (see Note 35(c)). As a result of the aforementioned, management believes that the Group will be able to meet its obligations and maintain compliance with the financial covenants for the twelve months after June 30, 2009.

Based on the above, the Financial Information has been prepared on a going concern basis, which assumes, among other things, the realization of assets and satisfaction of liabilities as and when they fall due.

(b) Changes in accounting policies

During the Relevant Periods, there have been a number of new/revised standards, amendments to standards and interpretations that have come into effect, for which the Group has adopted such at their respective effective dates. The adoption of these new standards, amendments to standards and interpretations has no material impact to the Group except for the adoption of the amendment to IAS 40 "Investment properties" ("IAS 40 (Amendment)"), which changed the Group's accounting policy in relation to the classification of the Group's properties that are under construction or development. Pursuant to the amendment, properties that are under construction or development for long-term rental yields, which were previously accounted for under IAS 16 "Property, plant and equipment", should be classified as investment properties. As a result of the adoption of IAS 40 (Amendment) for the six months ended June 30, 2009, the Group's properties under construction of US$227.9 million has been reclassified from "Property and equipment, net" to "Investment properties, net" on January 1, 2009. IAS 40 (Amendment) has been applied prospectively.

At the date of authorization of the Financial Information, the following new/revised standards, amendments to standards and interpretations to existing standards have been issued but are not effective for the six months ended June 30, 2009:

		Effective for annual periods beginning on or after
IFRSs (Amendments)	Improvements to IFRSs 2009	January 1, 2010
IAS 1 (Amendment)	Presentation of Financial Statements	January 1, 2010
IAS 7 (Amendment)	Statement of Cash Flows	January 1, 2010
IAS 17 (Amendment)	Leases	January 1, 2010
IAS 27 (Revised)	Consolidated and Separate Financial Statements	July 1, 2009
IAS 36 (Amendment)	Impairment of Assets	January 1, 2010
IAS 38 (Amendment)	Intangible Assets	July 1, 2009
IAS 39 (Amendment)	Financial Instruments: Recognition and Measurement	January 1, 2010
IFRS 1 (Amendment)	First-time Adoption of International Financial Reporting Standards	July 1, 2009
IFRS 2 (Amendment)	Share-based Payments	July 1, 2009
IFRS 3 (Revised)	Business Combinations	July 1, 2009
IFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2010
IFRS 8 (Amendment)	Operating Segments	January 1, 2010
IFRIC 9 (Amendment)	Reassessment of Embedded Derivatives	July 1, 2009
IFRIC 16 (Amendment)	Hedges of a Net Investment in a Foreign Operation	July 1, 2009
IFRIC 17	Distribution of Non-cash Assets to Owners	July 1, 2009
IFRIC 18	Transfer of Assets from Customers	July 1, 2009

The Group has not early adopted any of the above standards, interpretations and amendments to the existing standards. Management is in the process of making an assessment of their impact and is not yet in a position to state what impact they would have on the Group's results of operations and financial positions.

(c) Consolidation and combination

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries of the Group, except for those acquisitions that qualify as business combinations under common control, which are accounted for using merger accounting.

Intra-group transactions, balances and unrealized gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary in the combined financial statements to ensure consistency with the policies adopted by the Group.

(ii) Business combinations under common control

The Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognized with respect to goodwill or any excess of an acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over its cost at the time of common control combination, to the extent of the contribution of the controlling party's interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognized directly in equity as part of the capital reserve.

The combined income statements include the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the earliest date presented or when they first came under common control, whichever is the later.

Intra-group transactions, balances and unrealized gains on transactions between the combining entities or businesses are eliminated. Unrealized losses are also eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of combining entities or businesses have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as a group of senior management that makes strategic decisions.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Macau Patacas ("MOP"). The Financial Information is presented in United States dollars ("US$"), which is the presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the combined income statements.

(iii) Group companies

The results of operations and financial position of all the Group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of equity (currency translation differences).

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognized in the combined income statements as part of the gain or loss on sale.

(f) 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 the 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 be 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.

(g) Leasehold interest in land

Leasehold interests in land represent payments made for the use of land over an extended period of time. The total lease payments will be amortized on a straight-line basis over the term of the lease agreement.

(h) 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 their estimated useful lives or the minimum lease term. Other assets are depreciated as follows:

Land improvements, buildings and building improvements	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 the 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.

The assets' residual values and useful lives are reviewed, and adjusted if applicable, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other expenses" in the combined income statements.

(i) Leased assets

Assets acquired pursuant to finance leases and hire purchase contracts that transfer to the Group substantially all the rewards and risks of ownership are accounted for as if purchased.

(j) Intangible assets

(i) Trademarks

Acquired trademarks have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses. Trademarks are amortized over their estimated useful lives of 7 years.

(ii) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 4 years.

(iii) Show production costs

Show production costs include costs of creation, design and initial production of the show. The costs are amortized over the shorter of the contractual run of the show (including any guaranteed renewals), or the estimated useful life of the show, which is assessed at each reporting period.

(k) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization, 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 or "CGU"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(l) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired which management determines at initial recognition.

(i) 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.

(ii) 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 for which management has no intention of trading. They are included in current assets, except for assets with maturities greater than twelve months after the balance sheet date, which are classified as non-current.

Recognition and measurement

Purchases and sales of financial assets are recognized on the date on which the Group commits to purchase or sell the asset (the trade-date). Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the combined income statements. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the combined income statements within "Other expenses" in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (or for those securities that are unlisted), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and minimum use of entity-specific inputs.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade and other receivables is described in Note 2(o).

(m) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and short-term deposits with original maturities of three months or less.

(n) Inventories

Inventories consist primarily of food, beverage, retail products and tobacco and are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

(o) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the combined income statements within "Other expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "Other expenses" in the combined income statements.

(p) Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(q) Borrowings and financing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the combined income statements over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use (Note 2(h)). Financing costs incurred for the construction of any qualifying asset, less any investment income on the temporary investment of related borrowings, are capitalized during the period that is required to complete and prepare the asset for its intended use. Other financing costs, net of interest income, are expensed.

(r) Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow of resources with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(s) Taxation and deferred taxation

The income tax expenses comprise current and deferred tax.

Current income tax is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the Financial Information. Deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided for temporary differences arising from investments in subsidiaries, except when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(t) Share capital

Ordinary shares are classified as equity.

(u) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the Financial Information unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognized as a provision.

(v) Employee benefits

(i) Pension obligations

The Group operates a provident fund scheme, which is funded through payments to an insurance company. The provident fund scheme is a defined contribution plan that is available to all permanent employees after a three-month probation period. The Group contributes 5% of each employee's base salary to the fund and the employee is eligible to receive 30% of these contributions after working for three consecutive years, gradually increasing to 100% after working for ten years. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

(ii) Share-based compensation

The Group participates in the equity settled share-based compensation plans of LVS and is a party to its 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.

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 Group 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 the Ultimate Parent Company through December 31, 2007 and to equity beginning January 1, 2008 (see Note 34).

(iii) Social security fund

Full-time employees of the Group are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined and paid by the Macau Government. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund Contribution managed by the Macau Government. The Group funds the entire contribution and has no further commitments beyond its monthly contributions.

(iv) Annual leave and other paid leave

Through December 31, 2008, employee entitlements to annual leave and sick leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees during the year. Employee entitlement to maternity leave is not recognized until the time of leave.

Beginning January 1, 2009, employee entitlement to sick leave is not recognized until the time of leave, whereas employee entitlements to annual leave and maternity leave remain the same.

(v) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary retrenchment. Benefits falling due more than twelve months after the balance sheet date are discounted to present value.

(w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Casino revenue

Casino revenue is the aggregate of gaming wins and losses. Commissions rebated directly or indirectly through gaming promoters to customers, cash discounts and other cash incentives to customers related to gaming play are recorded as a reduction of gross casino revenue. Gaming promoters are entities that bring in high rollers to casinos and loan them rolling chips.

(ii) Hotel revenue

Hotel revenue is recognized at the time of occupancy.

(iii) Food and beverage revenue

Food and beverage revenue is recognized at the time of service.

(iv) Lease/right of use income

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.

(v) Convention revenue

Convention revenue is recognized when the event is held or the related services are rendered.

(vi) Retail sales

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.

The Group has a goods return policy. Sales are recorded net of return and discounts.

(vii) Mall management fees

Mall management fees are recognized when services are rendered.

(viii) Entertainment revenue

Entertainment revenue derived from theater shows, concerts and sporting events is recognized at the time of performance.

(ix) Ferry ticket sales

Ferry ticket sales are recognized when the services are rendered.

(x) Commission revenue

Commission revenues from the selling of tickets and travel packages and providing destination marketing services are recognized when services are rendered.

(xi) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

(x) Leases/right of use

(i) As the lessor/grantor for operating leases/right of use

When assets are leased/granted out under an agreement for the right of use, the asset is included in the combined balance sheets based on the nature of the asset. Lease rental/ income from right of use (net of any incentives given to tenants or to retailers) is recognized over the terms of the lease/right of use on a straight-line basis.

(ii) As the lessee for operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the combined income statements on a straight-line basis over the period of the lease.

(iii) As the lessee for finance leases

The Group leases certain equipment. Leases of equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other payables. The interest element of the finance cost is charged to the combined income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under a finance lease is depreciated over the shorter of the useful life of the asset and the lease term.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program, mainly carried out by a central treasury department, focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(i) Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

Cash flow and fair value interest rate risk

The Group's primary exposure to market risk is interest rate risk associated with its long-term borrowings, which are all issued at variable rates. The Group attempts to manage the interest rate risk associated with its variable-rate borrowings by use of interest rate cap agreements.

During the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009, the Group's borrowings at variable rate were mainly denominated in "US$", Hong Kong dollars ("HK$") and MOP.

As of December 31, 2006, 2007 and 2008 and as of June 30, 2009, if interest rates on US$-denominated borrowings had been 50 basis-point higher/lower with all other variables held constant, post-tax profit for the year/period would have been US$6.6 million, US$14.4 million, US$16.7 million and US$8.1 million lower/higher, respectively. As of December 31, 2006, 2007 and 2008 and as of June 30, 2009, if interest rates on HK$-denominated borrowings had been 50 basis-point higher/lower with all other variables held constant, post-tax profit for the year/period would have been US$nil, US$nil, US$1.1 million and US$0.6 million lower/higher, respectively. As of December 31, 2006, 2007 and 2008 and as of June 30, 2009, if interest rates on MOP-denominated borrowings had been 50 basis-point higher/lower with all other variables held constant, post-tax profit would have been approximately US$0.5 million, US$0.5 million, US$0.5 million and US$0.3 million, lower/higher respectively.

The Group does not hold or issue financial instruments for trading purposes and does not enter into derivative transactions that would be considered speculative positions. The Group's 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, the Group enters 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 the Group's credit facilities, which management believes further minimizes the risk of non-performance.

Foreign exchange risk

The Group's foreign currency transactions are mainly denominated in US$. The majority of assets and liabilities are denominated in US$ and MOP, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate 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 the major operating companies within the Group. The Group currently does not have a foreign currency hedging policy.

For companies with MOP as their functional currency, as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, if the US$ had weakened/strengthened by 1% against the MOP with all other variables held constant, pre-tax profit for the year/period would have been higher/lower by approximately US$9.5 million, US$27.9 million, US$44.1 million and US$42.6 million respectively, mainly as a result of the translation of US$-denominated cash and cash equivalents, deposits and borrowings.

(ii) Credit risk

Financial instruments, which potentially subject the Group to concentrations of credit risk, consist principally of cash and cash equivalents, restricted cash and trade and other receivables.

The Group maintains cash and cash equivalents, and restricted cash with various credit worthy financial institutions in Macau, Hong Kong, Singapore and the United States of America. Management monitors this credit risk on an on-going basis and does not believe that the Group has any other significant exposure to any individual or institution as of December 31, 2006, 2007 and 2008, and as of June 30, 2009.

Trade receivables are principally comprised of casino, hotel and mall receivables. The Group extends credit to approved customers, tenants and gaming promoters following background checks and investigations of creditworthiness. Business or economic conditions, the legal enforceability of gaming debts, or other significant events in foreign countries could affect the collectibility of receivables from customers and gaming promoters residing in these countries.

The Group maintains an allowance for doubtful casino, hotel and mall accounts and regularly evaluates the balances. The Group specifically analyzes the collectibility 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 the Group makes an allowance for trade receivables specifically identified as doubtful. The 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 cash play, as credit play represented approximately 5.1%, 10.7%, 23.7% and 29.4% for the years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2009, respectively, of total table games play. The 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 the Group's trade receivables not provided for as of December 31, 2006, 2007 and 2008, and as of June 30, 2009 (see Note 23 for further details).

(iii) Liquidity risk

Liquidity risk is the financial risk arising from the difficulty of selling assets, being unable to pay off liabilities upon maturity, funding growth assets or meeting contractual commitments.

The Macau Credit Facility requires the Restricted Group to comply with certain financial covenants at the end of each quarter, including maintaining a maximum leverage ratio of the consolidated total debt outstanding, as defined in the Macau Credit Facility. Subsequent to June 30, 2009, an amendment was made to the Macau Credit Facility, which, among other things, increased the maximum leverage ratios for the quarters beginning after June 30, 2009. The maximum leverage ratios were increased to 4.5:1.0 for the quarters ending September 30 and December 31, 2009, 4.0:1.0 for the quarters ending March 31 and June 30, 2010 and 3.5:1.0 for the quarters ending September 30 and December 31, 2010. If the Restricted Group is unable to maintain compliance with these financial covenants, the Restricted Group would be in default under the Macau Credit Facility, which would trigger a cross-default under the ferry financings (see Note 27). Any defaults or cross defaults under these agreements would allow the lenders, in each case, to exercise their rights to accelerate the due dates of the indebtedness outstanding. There can be no assurance that the Group would be able to pay or refinance any amounts that may become accelerated under such agreements and other obligations when they fall due, which could force the Group to restructure or alter its operations or debt obligation. In order to comply with the maximum leverage ratio covenants, the Group will utilize cash on hand and cash flows from operations and other measures, including cost-cutting initiatives.

The Group's financial liabilities, based on the contractual undiscounted cash flows, as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, are as follows:

	Within the first year	In the second year	In the third to fifth year	Over the fifth year	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
At December 31, 2006					
Bank borrowings	105,850	118,390	443,047	1,296,310	1,963,597
Notes payable to related companies	6,575	6,911	22,812	141,454	177,752
Finance lease liabilities	347	8	16	—	371
Trade and other payables	544,225	—	282	—	544,507
At December 31, 2007					
Bank borrowings	210,621	253,813	2,471,838	917,725	3,853,997
Notes payable to related companies	6,806	7,112	23,534	137,404	174,856
Finance lease liabilities	25	24	44	—	93
Trade and other payables	912,302	732	6,099	—	919,133
At December 31, 2008					
Bank borrowings	141,125	200,856	3,447,470	127,449	3,916,900
Notes payable to related companies	6,374	6,588	174,093	—	187,055
Finance lease liabilities	257	269	306	—	832
Trade and other payables	1,982,042	—	12,409	254	1,994,705
At June 30, 2009					
Bank borrowings	162,872	793,175	2,651,675	111,120	3,718,842
Notes payable to related companies	5,068	5,151	187,972	—	198,191
Finance lease liabilities	245	251	185	—	681
Trade and other payables	1,977,942	—	12,872	—	1,990,814

(b) Capital risk management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of debt, which includes borrowings (including current and non-current borrowings as shown in the combined balance sheets), cash and cash equivalents, and equity attributable to shareholders, comprising issued share capital and reserves as disclosed in Notes 25 and 26.

The Group actively and regularly reviews and manages its capital structure to maintain the net debt-to-capital ratio (gearing ratio) at an appropriate level based on its assessment of the current risk and circumstances. This ratio is calculated as the total of borrowings, as shown in the combined balance sheets, divided by total equity.

(c) Fair value estimation

The carrying amounts of cash and cash equivalents, restricted cash, financial assets at fair value through profit or loss, trade and other receivables, borrowings and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of assets

The Group follows the guidance of IAS 36 "Impairment of Assets" to determine when assets are impaired, which requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the recoverable amount of assets is less than their carrying balance, including factors such as the industry performance and changes in operational and financing cash flows. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (a CGU). The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations require the use of estimates, including operating results, income and expenses of the business, future economic conditions on growth rates and future returns.

Changes in the key assumptions on which the recoverable amount of the assets is based could significantly affect the Group's financial condition and results of operations.

(b) Share-based compensation

The Group's employees participate in equity award plans of LVS. Management of the Group uses the Black-Scholes option-pricing model to determine the total fair value of the options granted, which is based on fair value and various attributes of the underlying shares of LVS. Significant estimates and assumptions are required to be made in determining the parameters for applying the Black-Scholes option-pricing model, including estimates and assumptions regarding the risk-free rate of return, expected dividend yield and volatility of the underlying shares and the expected life of the options. The total fair value of restricted shares ("RSs") granted is measured on the grant date based on the fair value of the underlying shares of LVS. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group at the end of the vesting period. The Group only recognizes an expense for those options or RSs expected to vest over the vesting period during which the grantees become unconditionally entitled to the options or RSs. These estimates and assumptions could have a material effect on the determination of the fair value of the share options and RSs and the amount of such equity awards expected to vest, which may in turn significantly impact the determination of the share-based compensation expense.

The fair value of the options and RSs at the time of grant is to be expensed over the vesting period of the options and RSs based on an accelerated graded attribution approach. Under the accelerated graded attribution approach, each vesting installment of a graded vesting award is treated as a separate share option or RSs grant, which means that each vesting installment will be separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expense.

(c) Construction project suspension

The Group had commenced construction or pre-construction on Parcels 3, 5, 6, 7 and 8 of Cotai Strip and had capitalized the costs in the combined balance sheets, but has suspended these projects given the current conditions in the financial markets and the global economy. These disruptions in the financial markets could adversely affect the Group's ability to raise additional financing required to complete those projects. Should general economic conditions fail to improve, if the Group is unable to obtain sufficient funding such that completion of the suspended projects is not probable, or should management decide to abandon certain projects, all or a portion of the Group's investment to date on the suspended projects could be lost and would result in an impairment charge. This could adversely affect the financial condition, results of operations or cash flows from these planned facilities.

In addition, under the revised terms of the land concession that covers Parcel 3 approved by the Macau Government on August 20, 2009, the Group is required to complete development of Parcel 3 by April 17, 2013. Management believes that if the Group is unable to complete the development of Parcel 3 by the deadline, it will be able to obtain an extension from the Macau Government. However, no assurances can be given that an extension will be granted. If the Group is not able to meet the April 2013 deadline and that deadline is not extended, the Macau Government has the right to unilaterally terminate the land concession or any properties developed under the land concession for Parcel 3 without compensation to the Group.

(d) Allowance for doubtful trade receivables

The allowance for doubtful trade receivables represents the Group's best estimate of the amount of probable credit losses in the Group's existing trade receivable balance. The Group determines the allowance based on specific customer information, historical write-off experience and current industry and economic data. Account balances are charged off against the allowance when the Group believes it is probable the receivables will not be recovered. Management believes that there are no concentrations of credit risk for which an allowance has not been established. Although management believes that the allowance is adequate, it is possible that the estimated amount of cash collections with respect to trade receivables could change.

(e) Litigation provisions

The Group is 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 legal counsel, management estimated that no significant loss would be incurred beyond the amounts provided.

(f) Useful lives of investment properties and property and equipment

The Group depreciates investment properties and property and equipment on a straight-line basis over their estimated useful lives. The estimated useful lives are based on the nature of the assets, as well as current operating strategy and legal considerations, such as contractual life. Future events, such as property expansions, property developments, new competition or new regulations, could result in a change in the manner in which the Group uses certain assets and could have impact on the estimated useful lives of such assets.

5 Net revenues and interest income

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Net revenues					
Casino	1,265,168	1,846,167	2,669,661	1,325,395	1,317,124
Rooms	133	49,292	139,953	67,454	55,477
Food and beverage	12,928	28,076	54,317	24,450	25,446
Mall					
—Income from right of use	—	18,974	95,804	37,271	50,961
—Management fees and others	—	5,840	27,234	11,178	13,161
Convention, ferry, retail and other	2,864	17,863	66,350	24,843	38,418
Total net revenues	1,281,093	1,966,212	3,053,319	1,490,591	1,500,587
Interest income					
Notes receivable from related companies	673	4,591	46	23	11
Bank deposits	27,110	24,635	4,755	2,431	270
	27,783	29,226	4,801	2,454	281
Total net revenues and interest income	1,308,876	1,995,438	3,058,120	1,493,045	1,500,868

6 Segment information

Management has determined the operating segments based on the reports reviewed by a group of senior management that are used to make strategic decisions. The Group considers the business from a property and service perspective.

The Group's principal operating and developmental activities occur in Macau, which is the sole geographic area that the Group domiciles. The Group reviews the results of operations for each of its key operating segments, which are also the reportable segments: Sands Macao, The Venetian Macao, the Plaza, Ferry and other operations and Other developments (on Parcels 3, 5, 6, 7 and 8 of the Cotai Strip).

Sands Macao, The Venetian Macao, the Plaza and Other developments derive their revenue primarily from casino, hotel, food and beverage, mall, convention, retail and others sources. Ferry and other operations mainly derive their revenue from the sale of ferry tickets for transportation between Hong Kong and Macau.

The Group's segment information for the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2008 and 2009, and as of December 31, 2006, 2007 and 2008, and June 30, 2009 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Net revenues:					
Sands Macao	1,281,093	1,314,499	1,032,121	536,510	458,612
The Venetian Macao	—	651,610	1,941,636	948,977	930,912
Plaza	—	—	62,536	—	95,691
Ferry and other operations	—	103	17,026	5,104	15,372
Other developments	—	—	—	—	—
	1,281,093	1,966,212	3,053,319	1,490,591	1,500,587
Adjusted EBITDAR (Unaudited) (Note):					
Sands Macao	457,702	374,075	214,434	119,603	111,352
The Venetian Macao	—	144,698	497,166	249,678	230,882
Plaza	—	—	7,329	—	9,820
Ferry and other operations	3	(4,431)	(32,885)	(20,094)	(14,401)
Other developments	—	—	—	—	—
	457,705	514,342	686,044	349,187	337,653
Depreciation and amortization:					
Sands Macao	(34,359)	(43,569)	(51,127)	(26,429)	(24,632)
The Venetian Macao	(721)	(60,029)	(192,322)	(93,907)	(103,009)
Plaza	—	(1)	(16,402)	(28)	(24,641)
Ferry and other operations	(82)	(446)	(8,339)	(3,022)	(6,020)
Other developments	(1)	(2)	(30)	(2)	(142)
	(35,163)	(104,047)	(268,220)	(123,388)	(158,444)
Interest expense net of amounts capitalized:					
Sands Macao	937	997	1,191	462	604
The Venetian Macao	28,814	75,138	83,020	55,756	23,957
Plaza	—	—	22,198	—	6,319
Ferry and other operations	—	—	7,067	3,795	2,748
Other developments	520	902	9,394	171	18,584
	30,271	77,037	122,870	60,184	52,212
Income tax (expenses)/credits:					
Sands Macao	—	—	—	—	—
The Venetian Macao	—	—	—	—	—
Plaza	—	—	—	—	—
Ferry and other operations	(2)	54	(169)	(142)	(167)
Other developments	—	—	—	—	—
	(2)	54	(169)	(142)	(167)

Note: 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 the Group's properties and to compare the operating performance of the Group's properties with that of its competitors. However, not all companies calculate adjusted EBITDAR in the same manner. As a result, adjusted EBITDAR as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies. In addition, adjusted EBITDAR presented herein may differ from that adjusted EBITDAR presented by LVS for its Macau segment in its filings with the U.S. Securities and Exchange Commission.

	Note	Year ended December 31, 2006 US$'000	2007 US$'000	2008 US$'000	Six months ended June 30, 2008 US$'000 (Unaudited)	2009 US$'000
Adjusted EBITDAR (unaudited)		457,705	514,342	686,044	349,187	337,653
Share-based compensation granted to employees by the Ultimate Parent Company		(4,096)	(9,641)	(15,163)	(7,310)	(3,457)
Corporate expense	(a)	(352)	(2,674)	(14,747)	(4,291)	(4,692)
Land lease expense		(809)	(9,766)	(11,885)	(5,874)	(6,125)
Pre-opening expense	(b)	(33,183)	(137,975)	(111,435)	(37,893)	(51,956)
Development expense	(c)	(2,652)	—	—	—	—
Depreciation and amortization		(35,163)	(104,047)	(268,220)	(123,388)	(158,444)
Amortization of show production costs		—	—	1,867	—	2,115
Net foreign exchange (losses)/gains		(694)	(5,190)	29,179	2,556	(125)
Loss on disposal of property and equipment		(1,940)	(562)	(1,622)	(1,184)	(4,894)
Fair value (losses)/gains on financial assets at fair value through profit or loss		(492)	(592)	(44)	54	—
Operating profit		378,324	243,895	293,974	171,857	110,075
Interest income		27,783	29,226	4,801	2,454	281
Interest expense, net of amounts capitalized		(30,271)	(77,037)	(122,870)	(60,184)	(52,212)
Profit before income tax		375,836	196,084	175,905	114,127	58,144
Income tax (expenses)/credits		(2)	54	(169)	(142)	(167)
Profit for the year/period attributable to equity holders of the Company		375,834	196,138	175,736	113,985	57,977

(a) Corporate expense

	Note	Year ended December 31, 2006 US$'000	2007 US$'000	2008 US$'000	Six months ended June 30, 2008 US$'000 (Unaudited)	2009 US$'000
Employee benefit expenses		171	171	4,154	2,014	1,656
Professional fees		—	2,078	2,361	1,596	226
Management fees	33(a)(i)	—	—	7,227	—	2,576
Other expenses		181	425	1,005	681	234
		352	2,674	14,747	4,291	4,692

(b) Pre-opening expense

		Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
	Note	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Employee benefit expenses		19,065	55,796	37,801	17,169	7,539
Advertising costs		2,537	32,661	6,593	1,817	—
Utilities and fuel costs		28	16,373	2,308	1,383	7
Professional fees		2,786	15,574	6,192	3,196	829
Management fees	33(a)(i)	—	8,178	7,207	4,252	—
Suspension costs	8(a)(i)(1)	—	—	33,581	—	41,848
Other expenses		8,767	9,393	17,753	10,076	1,733
		33,183	137,975	111,435	37,893	51,956

Amounts above exclude share-based compensation granted to employees by the Ultimate Parent Company.

(c) Development expense

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Employee benefit expenses	1,098	—	—	—	—
Professional fees	876	—	—	—	—
Operating lease payments	145	—	—	—	—
Other expenses	533	—	—	—	—
	2,652	—	—	—	—

	As of December 31,			As of June 30, 2009
	2006	2007	2008	
	US$'000	US$'000	US$'000	US$'000
Total assets				
Sands Macao	537,988	550,479	592,998	532,130
The Venetian Macao	2,031,497	3,117,094	3,182,554	3,088,753
Plaza	70,246	391,507	973,892	1,060,267
Ferry and other operations	4,318	205,322	277,106	264,303
Other developments	142,898	644,101	1,861,081	1,899,773
	2,786,947	4,908,503	6,887,631	6,845,226

	As of December 31,			As of June 30, 2009
	2006	2007	2008	
	US$'000	US$'000	US$'000	US$'000
Total non-current assets				
Held locally	2,255,069	4,128,742	5,817,154	5,838,959
Held in foreign countries	156	32,671	229,575	238,925
Deferred income tax assets	—	83	159	152
Financial assets at fair value through profit or loss	508	25	—	—
	2,255,733	4,161,521	6,046,888	6,078,036

7 Employee benefit expenses (including directors' emoluments)

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Wages, salaries, bonus and termination costs	151,861	297,930	448,829	228,206	209,476
Staff meals	10,134	21,757	29,963	15,619	11,672
Share-based compensation granted to employees by the Ultimate Parent Company	4,096	9,641	15,163	7,310	3,457
Pension costs—defined contribution plan	4,299	6,562	17,494	7,065	1,758
Other employee benefit expenses	5,177	13,357	6,461	6,359	6,493
	175,567	349,247	517,910	264,559	232,856

Total amounts of share-based compensation and the amounts capitalized are as below:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Share-based compensation	5,475	11,209	17,538	8,511	3,849
Less: amounts capitalized	(1,379)	(1,568)	(2,375)	(1,201)	(392)
Share-based compensation charged to the combined income statements	4,096	9,641	15,163	7,310	3,457

Other than the share-based compensation of US$0.4 million capitalized for the construction of the apart-hotel tower of the Plaza during the six months ended June 30, 2009, capitalization of share-based compensation ceases upon suspension of the respective Cotai Strip development projects (see also Note 31(d)).

(a) Pension—defined contribution plan

Contributions totaling US$0.9 million, US$3.5 million, US$3.4 million and US$0.3 million remained payable to the provident fund as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, respectively.

(b) Directors' emoluments

The remuneration of the Company's directors for the year ended December 31, 2006 is as follows:

Year ended December 31, 2006	Fees	Salaries, bonuses, allowance and benefits in kind	Contribution to defined contribution benefit plans	Subtotal	Share-based compensation benefits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Executive Directors						
Steven Craig Jacobs	—	—	—	—	—	—
Stephen John Weaver	—	1,005	—	1,005	606	1,611
Non-executive Directors						
Sheldon Gary Adelson	—	—	—	—	—	—
Jeffrey Howard Schwartz	—	—	—	—	—	—
Irwin Abe Siegel	—	—	—	—	—	—
Independent Non-executive Directors						
Iain Ferguson Bruce	—	—	—	—	—	—
Yun Chiang	—	—	—	—	—	—
David Muir Turnbull	—	—	—	—	—	—
	—	1,005	—	1,005	606	1,611

The remuneration of the Company's directors for the year ended December 31, 2007 is as follows:

Year ended December 31, 2007	Fees	Salaries, bonuses, allowance and benefits in kind	Contribution to defined contribution benefit plans	Subtotal	Share-based compensation benefits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Executive Directors						
Steven Craig Jacobs	—	—	—	—	—	—
Stephen John Weaver	—	1,932	—	1,932	2,077	4,009
Non-executive Directors						
Sheldon Gary Adelson	—	—	—	—	—	—
Jeffrey Howard Schwartz	—	—	—	—	—	—
Irwin Abe Siegel	—	—	—	—	—	—
Independent Non-executive Directors						
Iain Ferguson Bruce	—	—	—	—	—	—
Yun Chiang	—	—	—	—	—	—
David Muir Turnbull	—	—	—	—	—	—
	—	1,932	—	1,932	2,077	4,009

The remuneration of the Company's directors for the year ended December 31, 2008 is as follows:

Year ended December 31, 2008	Fees	Salaries, bonuses, allowance and benefits in kind	Contribution to defined contribution benefit plans	Subtotal	Share-based compensation benefits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Executive Directors						
Steven Craig Jacobs	—	—	—	—	—	—
Stephen John Weaver	—	1,387	—	1,387	1,247	2,634
Non-executive Directors						
Sheldon Gary Adelson	—	—	—	—	—	—
Jeffrey Howard Schwartz	—	—	—	—	—	—
Irwin Abe Siegel	—	—	—	—	—	—
Independent Non-executive Directors						
Iain Ferguson Bruce	—	—	—	—	—	—
Yun Chiang	—	—	—	—	—	—
David Muir Turnbull	—	—	—	—	—	—
	—	1,387	—	1,387	1,247	2,634

The remuneration of the Company's directors for the six months ended June 30, 2008 is as follows (unaudited):

Six months ended June 30, 2008 (unaudited)	Fees	Salaries, bonuses, allowance and benefits in kind	Contribution to defined contribution benefit plans	Subtotal	Share-based compensation benefits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Executive Directors						
Steven Craig Jacobs	—	—	—	—	—	—
Stephen John Weaver	—	736	—	736	689	1,425
Non-executive Directors						
Sheldon Gary Adelson	—	—	—	—	—	—
Jeffrey Howard Schwartz	—	—	—	—	—	—
Irwin Abe Siegel	—	—	—	—	—	—
Independent Non-executive Directors						
Iain Ferguson Bruce	—	—	—	—	—	—
Yun Chiang	—	—	—	—	—	—
David Muir Turnbull	—	—	—	—	—	—
	—	736	—	736	689	1,425

The remuneration of the Company's directors for the six months ended June 30, 2009 is as follows:

Six months ended June 30, 2009	Fees	Salaries, bonuses, allowance and benefits in kind	Contribution to defined contribution benefit plans	Subtotal	Share-based compensation benefits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Executive Directors						
Steven Craig Jacobs	—	218	—	218	8	226
Stephen John Weaver	—	671	—	671	424	1,095
Non-executive Directors						
Sheldon Gary Adelson	—	—	—	—	—	—
Jeffrey Howard Schwartz	—	—	—	—	—	—
Irwin Abe Siegel	—	—	—	—	—	—
Independent Non-executive Directors						
Iain Ferguson Bruce	—	—	—	—	—	—
Yun Chiang	—	—	—	—	—	—
David Muir Turnbull	—	—	—	—	—	—
	—	889	—	889	432	1,321

In addition to the directors' emoluments disclosed above, Sheldon Gary Adelson, received emoluments (inclusive of share-based compensation) from the Ultimate Parent Company, amounting to US$5.8 million, US$3.4 million, US$1.6 million, US$0.8 million (unaudited) and US$0.8 million for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and 2009, respectively, part of which is in respect of his services to the Group. No apportionment has been made as the directors consider that it is impracticable to apportion this amount between his services to the Group and his services to the Ultimate Parent Company.

Jeffrey Howard Schwartz and Irwin Abe Siegel received emoluments (inclusive of share-based compensation) from the Ultimate Parent Company, amounting to US$0.2 million, US$0.2 million, US$0.3 million, US$0.1 million (unaudited), US$0.2 million for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and 2009 respectively. They were independent non-executive directors of LVS during the Relevant Periods.

Steven Craig Jacobs and Stephen John Weaver were appointed as executive directors of the Company on August 18, 2009.

Sheldon Gary Adelson, Jeffrey Howard Schwartz and Irwin Abe Siegel were appointed as non-executive directors of the Company on August 18, 2009, [●] and [●] respectively.

Iain Ferguson Bruce, Yun Chiang and David Muir Turnbull were appointed as independent non-executive directors of the Company on **[●]**.

None of the directors received or will receive any fees in respect of their services to the Company during the Relevant Periods.

No emoluments were paid to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods.

(c) Five highest paid individuals

For the years ended December 31, 2007 and 2008 and the six months ended June 30, 2008 and 2009, the five individuals whose emoluments were the highest in the Group include one director whose emoluments are reflected in the analysis presented above. For the year ended December 31, 2006, none of the five highest paid individuals was a director of the Company. The emoluments payable to the remaining five, four, four, four and four individuals during the Relevant Periods respectively are as follows:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Basic salaries and allowance	1,823	2,330	3,194	1,411	959
Bonus	936	1,505	272	272	71
Share-based compensation	3,435	4,674	4,245	2,092	1,203
	6,194	8,509	7,711	3,775	2,233

The emoluments of the above mentioned individuals, who are non-directors of the Company, with the highest emoluments fall within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2006 Number of individuals	2007 Number of individuals	2008 Number of individuals	2008 Number of individuals (Unaudited)	2009 Number of individuals
HK$2,000,001 (approximately US$258,000) – HK$2,500,000 (approximately US$323,000)	—	—	—	—	1
HK$3,500,001 (approximately US$452,000) – HK$4,000,000 (approximately US$516,000)	—	—	—	—	1
HK$4,000,001 (approximately US$516,000) – HK$4,500,000 (approximately US$581,000)	—	—	—	1	—
HK$4,500,001 (approximately US$581,000) – HK$5,000,000 (approximately US$645,000)	—	—	—	—	1
HK$5,500,001 (approximately US$710,000) – HK$6,000,000 (approximately US$774,000)	—	—	—	—	1
HK$6,000,001 (approximately US$774,000) – HK$6,500,000 (approximately US$839,000)	1	—	—	—	—
HK$6,500,001 (approximately US$839,000) – HK$7,000,000 (approximately US$903,000)	1	—	—	1	—
HK$7,000,001 (approximately US$903,000) – HK$7,500,000 (approximately US$968,000)	—	—	—	1	—
HK$7,500,001 (approximately US$968,000) – HK$8,000,000 (approximately US$1,032,000)	1	—	—	—	—
HK$8,500,001 (approximately US$1,097,000) – HK$9,000,000 (approximately US$1,161,000)	1	—	1	1	—
HK$10,000,001 (approximately US$1,290,000) – HK$10,500,000 (approximately US$1,355,000)	—	1	—	—	—
HK$12,500,001 (approximately US$1,613,000) – HK$13,000,000 (approximately US$1,677,000)	—	1	—	—	—
HK$13,000,001 (approximately US$1,677,000) – HK$13,500,000 (approximately US$1,742,000)	—	1	—	—	—
HK$13,500,001 (approximately US$1,742,000) – HK$14,000,000 (approximately US$1,806,000)	1	—	1	—	—
HK$15,000,001 (approximately US$1,935,000) – HK$15,500,000 (approximately US$2,000,000)	—	—	1	—	—
HK$17,500,001 (approximately US$2,258,000) – HK$18,000,000 (approximately US$2,323,000)	—	—	1	—	—
HK$23,000,001 (approximately US$2,968,000) – HK$23,500,000 (approximately US$3,032,000)	—	1	—	—	—
	5	4	4	4	4

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods.

8 Other expenses

(a) An analysis of the operating expenses is as follows:

		Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
	Note	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Gaming tax		562,766	884,870	1,300,477	641,943	633,417
Inventories consumed		13,023	24,003	42,241	18,033	20,408
Employee benefit expenses		175,567	349,247	517,910	264,559	232,856
Depreciation and amortization		35,163	104,047	268,220	123,388	158,444
Gaming promoter/agency commissions		37,763	102,810	162,051	77,735	86,827
Other expenses	(i)	78,487	257,340	468,446	193,076	258,560
Operating expenses		902,769	1,722,317	2,759,345	1,318,734	1,390,512

(i) Analysis of other expenses is as follows:

		Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
	Note	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Advertising costs		7,417	32,002	48,457	13,313	18,999
Utilities and fuel costs		10,809	35,922	82,717	35,288	35,646
Professional fees		5,643	20,351	15,495	6,826	3,150
Guest compliments		5,142	14,083	16,342	6,821	7,776
Gaming supplies		5,451	9,984	14,406	7,240	7,019
Land lease expense		809	9,766	11,885	5,874	6,125
Management fees	33(a)(i)	4,857	14,901	29,493	12,064	13,081
Suspension costs	(1)	—	—	33,581	—	41,848
Auditor's remuneration		732	1,216	1,667	834	834
Provision for doubtful accounts		448	1,238	15,022	917	18,739
Repairs and maintenance		2,470	4,773	17,251	7,009	7,284
Contract entertainment		1,471	14,428	25,480	6,258	11,637
Operating supplies		4,481	18,446	29,052	14,866	11,519
Operating lease payments		2,841	10,189	21,385	12,044	9,113
Recruitment expenses		1,136	7,787	12,540	5,799	1,866
Tourism and other taxes		499	3,093	8,650	3,200	4,259
Contract labor		1,949	9,015	35,831	12,838	17,431
Insurance		1,441	2,126	8,011	4,695	3,338
Net foreign exchange losses/(gains)		694	5,190	(29,179)	(2,556)	125
Loss on disposal of property and equipment		1,940	562	1,622	1,184	4,894
Fair value losses/(gains) on financial assets at fair value through profit or loss		492	592	44	(54)	—
Other operating expenses		17,765	41,676	68,694	38,616	33,877
		78,487	257,340	468,446	193,076	258,560

(1) Suspension costs mainly comprised of labor severance and payroll costs, site management and organization costs, demobilization costs and storage charges incurred during the suspension period.

(b) The operating expenses can also be analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Casino	742,197	1,238,027	1,875,432	903,087	916,164
Rooms	230	13,081	32,236	16,182	13,958
Food and beverage	11,454	25,589	47,040	21,642	22,655
Mall	—	8,262	31,508	13,667	16,765
Convention, ferry, retail and other	3,009	24,824	109,423	46,184	59,675
Provision for doubtful accounts	448	1,238	15,022	917	18,739
General and administrative expense	68,654	146,608	269,026	146,821	115,872
Corporate expense	352	2,674	14,747	4,291	4,692
Land lease expense	809	9,766	11,885	5,874	6,125
Pre-opening expense	34,675	141,857	112,319	38,107	52,404
Development expense	2,652	—	—	—	—
Depreciation and amortization	35,163	104,047	268,220	123,388	158,444
Net foreign exchange losses/(gains)	694	5,190	(29,179)	(2,556)	125
Loss on disposal of property and equipment	1,940	562	1,622	1,184	4,894
Fair value losses/(gains) on financial assets at fair value through profit or loss	492	592	44	(54)	—
Operating expenses	902,769	1,722,317	2,759,345	1,318,734	1,390,512

9 Interest expense, net of amounts capitalized

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Interest expense relating to land lease payments	—	4,725	3,369	1,829	1,198
Notes payable to related companies	8,109	6,349	5,761	2,932	2,255
Bank borrowings	64,153	168,696	185,247	90,511	46,276
Finance lease liabilities	86	42	35	3	34
Amortization of deferred financing costs	3,655	7,738	8,580	4,367	4,707
Standby fee and bank guarantee charges	8,358	8,425	2,175	1,410	2,379
	84,361	195,975	205,167	101,052	56,849
Less: interest capitalized	(54,090)	(118,938)	(82,297)	(40,868)	(4,637)
Interest expense, net of amounts capitalized	30,271	77,037	122,870	60,184	52,212

Capitalization of interest ceased upon suspension of the respective Cotai Strip development projects (see also Note 31(d)).

10 Income tax expenses/(credits)

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Current income tax					
Macau complementary tax	—	—	233	136	160
Hong Kong profits tax	2	17	12	25	1
Under-provision in prior year	—	12	—	—	—
Deferred income tax	—	(83)	(76)	(19)	6
Income tax expenses/(credits)	2	(54)	169	142	167

(a) Macau complementary tax

Macau complementary tax was levied at progressive rates ranging from 3% to 9% on the taxable income not exceeding MOP300,000 (equivalent to US$37,580) and at a fixed rate of 12% on the taxable income in excess of MOP300,000 (equivalent to US$37,580) for the year ended December 31, 2006. Since January 1, 2007, Macau complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above MOP32,000 (equivalent to US$4,009) but below MOP300,000 (equivalent to US$37,580), and thereafter at a fixed rate of 12%. Also for the same years, a special complementary tax incentive is provided to effect that tax free income threshold is increased from MOP32,000 to MOP200,000 (equivalent to US$4,009 to US$25,053) with the next MOP100,000 (equivalent to US$12,527) of profit being taxed at a fixed rate of 9% and thereafter at a fixed rate of 12%.

Pursuant to the Despatch No. 250/2004 issued by the Chief Executive of the Macau Government on September 30, 2004, VML was exempted from Macau complementary tax on its gaming activities for five years effective from the 2004 year of assessment. On May 21, 2008, VML was granted, pursuant to the Despatch No. 167/2008 issued by the Chief Executive of the Macau Government, an extension of the tax exemption regarding Macau complementary tax on its gaming activities for an additional five years, which is set to expire in 2013. Regarding the other subsidiaries, during the Relevant Periods, Macau complementary tax is calculated progressively at a maximum of 12% of the estimated assessable profit for that period.

(b) Hong Kong profits tax

The Group also carries on business in Hong Kong that is subject to the Hong Kong profits tax rate at 17.5% for the years ended December 31, 2006 and 2007, and at 16.5% for the year ended December 31, 2008, and the six months ended June 30, 2008 and 2009.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to profits of the combined entities in the respective jurisdictions as follows:

		Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
	Note	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Profit before income tax		375,836	196,084	175,905	114,127	58,144
Tax calculated at domestic rates applicable to profits of the combined entities in the respective jurisdictions		44,524	23,348	17,277	12,724	6,234
Tax effects of:						
Income not subject to tax	(i)	(168,250)	(266,808)	(405,008)	(198,194)	(206,553)
Expenses not deductible for tax purposes	(ii)	113,177	213,869	329,947	150,270	150,022
Amortization of pre-operating expenses previously not recognized		4,693	7,728	664	1,409	3,889
Tax losses for which no deferred income tax assets were recognized		5,854	21,789	57,854	34,015	46,592
Others		4	20	(565)	(82)	(17)
Tax expenses/(credits)		2	(54)	169	142	167

(i) During the Relevant Periods, VML was exempted from Macau complementary tax on its gaming activities (see also Note 10(a)). Besides, lease/right of use income recorded in VML and VCL were subject to property tax (note (ii)), and should, therefore, be excluded from Macau complementary tax calculations. Accordingly, casino revenues and lease/right of use income and their corresponding expenses incurred were presented as "Income not subject to tax" and "Expenses not deductible for tax purposes" respectively in the calculations above.

(ii) Lease/right of use income recorded in VML and VCL were exempted from property tax for the first four and six years for the newly constructed buildings in Macau and Cotai Strip respectively pursuant to Article 9(1)(a) of Lei no. 19/78/M.

11 Earnings per share

Earnings per share information is not presented as its inclusion is not considered meaningful due to the Reorganization and the presentation of the results for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and 2009, on the combined basis as disclosed in Note 1.

12 Dividend

No dividend has been paid or declared by the Company since its incorporation.

13 Investment properties, net

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
At the beginning of the year/period	—	—	292,726	338,014
Transfer from property and equipment upon adoption of IAS 40 (Amendment)	—	—	—	227,942
Additions	—	—	5,556	66,134
Transfer from property and equipment	—	296,642	56,322	—
Depreciation	—	(3,918)	(17,606)	(10,369)
Exchange difference	—	2	1,016	20
At the end of the year/period	—	292,726	338,014	621,741

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Cost	—	296,644	359,658	653,759
Accumulated depreciation	—	(3,918)	(21,644)	(32,018)
	—	292,726	338,014	621,741

The Group's investment properties are revalued by an independent professional qualified valuer on an annual basis. Valuations were based on current prices in an active market for all properties as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Fair value of the investment properties	—	1,890,000	1,995,000	2,212,000

The following amounts have been recognized in the combined income statements:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Mall income	—	24,814	123,038	48,449	64,122
Direct operating expenses arising from investment properties that generate rental income	—	3,524	28,052	8,567	18,174
Direct operating expenses that did not generate rental income	—	4,287	8,851	7,540	6,611

14 Leasehold interests in land, net

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
At the beginning of the year/period	6,484	8,645	234,579	274,443
Additions	2,828	235,161	49,596	16,085
Amortization	(651)	(9,533)	(11,647)	(6,006)
Exchange difference	(16)	306	1,915	24
At the end of the year/period	8,645	234,579	274,443	284,546

The Group received a land concession from the Macau Government to build on Parcels 1, 2 and 3 of the Cotai Strip, including the sites on which The Venetian Macao (Parcel 1) and the Plaza (Parcel 2) are located. The Group does not own these land sites; however, the land concession, which has an initial term of 25 years and is renewable at the Group's option, in accordance with Macau law, grants the Group exclusive use of the land. As specified in the land concession, the Group is required to pay premiums for each parcel, which are either payable in a single lump sum upon acceptance of the land concession by the Macau Government or in seven semi-annual installments bearing interest at 5.0% per annum (provided that the outstanding balance is due upon the completion of the corresponding integrated resort), as well as annual rent for the term of the land concession, which may be revised every five years by the Macau Government.

The Group's rights arising from the land concession of Sands Macao and Parcels 1 and 2 are collateralized by a first-priority security for the Group's indebtedness under the Macau Credit Facility (see Note 27 (a)). In addition, the Group's rights over parcels of land are charged as security to a financial institution for issuing a bank guarantee to the Macau Government to guarantee the payments of the land lease premium.

During the year ended December 31, 2006, the Group made payments of US$2.8 million towards the land premium for Sands Macao.

During the year ended December 31, 2007, the Group made payments of US$163.8 million for the full payment of the land premium for Parcel 1 and partial payments of US$27.9 million and US$29.8 million towards the land premiums for Parcels 2 and 3, respectively. The Group received a credit in the amount of US$24.1 million towards the aggregate land premium related to reclamation work and other works done on the land, and the installation costs of an electrical substation. The Group also made payments on other land concessions during the year ended December 31, 2007.

During the year ended December 31, 2008, the Group made payments of US$12.0 million and US$13.5 million for partial payments of the land premium for Parcels 2 and 3, respectively. The Group also made a payment of US$17.8 million as consideration for the Plaza land concession amendment, which allowed the Group to subdivide the parcel into four separate units under Macau's horizontal property regime, consisting of retail, hotel/casino, the apart-hotel tower of the Plaza and parking areas. The Group also made payments on other land concessions during the year ended December 31, 2008.

During the six months ended June 30, 2009, the Group made payments of US$6.2 million and US$7.0 million for partial payments of the land premium for Parcels 2 and 3, respectively.

15 Property and equipment, net

The movements of property and equipment for the years ended December 31, 2006, 2007 and 2008, and the six months ended June 30, 2009, are as follows:

	Land improvements	Buildings	Building improvements	Leasehold improvements	Vehicles	Ferries	Furniture, fittings & equipment	Construction-in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At January 1, 2006									
Cost	10,425	151,266	45,009	2,714	341	—	64,175	471,984	745,914
Accumulated depreciation	(820)	(9,974)	(3,509)	(926)	(91)	—	(22,227)	—	(37,547)
At January 1, 2006	9,605	141,292	41,500	1,788	250	—	41,948	471,984	708,367
Year ended December 31, 2006									
Opening net book amount	9,605	141,292	41,500	1,788	250	—	41,948	471,984	708,367
Additions	—	8,374	707	40	291	—	31,151	1,297,726	1,338,289
Adjustment to project costs	(19)	—	—	—	—	—	—	—	(19)
Disposals	—	(976)	(561)	—	(64)	—	(426)	—	(2,027)
Transfers	—	47,215	29,498	—	—	—	18,763	(95,476)	—
Depreciation	(503)	(7,008)	(3,899)	(769)	(87)	—	(22,069)	—	(34,335)
Exchange difference	(21)	(291)	(109)	(4)	—	—	(89)	(1,085)	(1,599)
Closing net book amount	9,062	188,606	67,136	1,055	390	—	69,278	1,673,149	2,008,676
At December 31, 2006									
Cost	10,382	205,483	74,450	2,748	487	—	113,081	1,673,149	2,079,780
Accumulated depreciation	(1,320)	(16,877)	(7,314)	(1,693)	(97)	—	(43,803)	—	(71,104)
At December 31, 2006	9,062	188,606	67,136	1,055	390	—	69,278	1,673,149	2,008,676
Year ended December 31, 2007									
Opening net book amount	9,062	188,606	67,136	1,055	390	—	69,278	1,673,149	2,008,676
Additions	—	171	4,622	4,641	13,412	32,586	234,657	1,677,295	1,967,384
Adjustment to project costs	—	(4,332)	—	—	—	—	—	—	(4,332)
Disposals	(7)	—	(159)	(10)	—	—	(412)	—	(588)
Transfers	82,034	971,499	775,737	—	—	—	113,201	(2,239,113)	(296,642)
Depreciation	(2,297)	(16,026)	(22,096)	(2,005)	(671)	(136)	(55,661)	—	(98,892)
Exchange difference	54	(2,588)	(1,373)	(17)	(42)	—	11,946	(14,855)	(6,875)
Closing net book amount	88,846	1,137,330	823,867	3,664	13,089	32,450	373,009	1,096,476	3,568,731
At December 31, 2007									
Cost	92,456	1,170,166	853,200	7,308	13,854	32,586	468,312	1,096,476	3,734,358
Accumulated depreciation	(3,610)	(32,836)	(29,333)	(3,644)	(765)	(136)	(95,303)	—	(165,627)
At December 31, 2007	88,846	1,137,330	823,867	3,664	13,089	32,450	373,009	1,096,476	3,568,731

	Land improvements	Buildings	Building improvements	Leasehold improvements	Vehicles	Ferries	Furniture, fittings & equipment	Construction-in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Year ended December 31, 2008									
Opening net book amount	88,846	1,137,330	823,867	3,664	13,089	32,450	373,009	1,096,476	3,568,731
Additions	—	—	—	16,006	4,541	137,515	86,828	1,695,732	1,940,622
Adjustment to project costs	—	—	(2,963)	—	—	—	—	—	(2,963)
Disposals	—	(88)	(64)	(7)	(27)	—	(1,467)	—	(1,653)
Transfers	40,169	239,990	358,138	(6,565)	—	—	47,593	(735,647)	(56,322)
Depreciation	(6,786)	(35,942)	(65,679)	(8,932)	(2,418)	(5,966)	(121,302)	—	(247,025)
Exchange difference	869	9,814	8,921	117	89	—	(9,142)	23,765	34,433
Closing net book amount	123,098	1,351,104	1,122,220	4,283	15,274	163,999	375,519	2,080,326	5,235,823
At December 31, 2008									
Cost	133,554	1,420,292	1,217,753	11,599	18,469	170,101	583,993	2,080,326	5,636,087
Accumulated depreciation	(10,456)	(69,188)	(95,533)	(7,316)	(3,195)	(6,102)	(208,474)	—	(400,264)
At December 31, 2008	123,098	1,351,104	1,122,220	4,283	15,274	163,999	375,519	2,080,326	5,235,823
Period ended June 30, 2009									
Opening net book amount	123,098	1,351,104	1,122,220	4,283	15,274	163,999	375,519	2,080,326	5,235,823
Transfer to investment properties upon adoption of IAS 40 (Amendment)	—	—	—	—	—	—	—	(227,942)	(227,942)
Additions	—	—	—	187	4,567	40,789	8,024	98,579	152,146
Adjustment to project costs	—	(882)	—	—	—	—	—	—	(882)
Disposals	—	(23)	(1,985)	(60)	—	—	(2,313)	(2,121)	(6,502)
Transfers	2,248	18,061	(36,067)	94	—	—	48,036	(32,372)	—
Depreciation	(4,518)	(20,228)	(38,434)	(953)	(1,306)	(4,599)	(74,935)	—	(144,973)
Exchange difference	7	85	53	5	—	—	(354)	498	294
Closing net book amount	120,835	1,348,117	1,045,787	3,556	18,535	200,189	353,977	1,916,968	5,007,964
At June 30, 2009									
Cost	135,812	1,437,540	1,179,493	6,256	23,037	210,890	641,397	1,916,968	5,551,393
Accumulated depreciation	(14,977)	(89,423)	(133,706)	(2,700)	(4,502)	(10,701)	(287,420)	—	(543,429)
At June 30, 2009	120,835	1,348,117	1,045,787	3,556	18,535	200,189	353,977	1,916,968	5,007,964

Interest expense amounting US$54.1 million, US$118.9 million, US$82.3 million, US$40.9 million (unaudited) and US$4.6 million (Note 9) and other direct costs of US$13.6 million, US$25.4 million, US$34.1 million, US$18.7 million (unaudited) and US$10.1 million have been capitalized for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and 2009, respectively.

Equipment includes the following amounts where the Group is the lessee under finance leases:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Cost	2,076	98	666	611
Accumulated depreciation	(1,606)	(18)	(75)	(113)
Net book amount	470	80	591	498

16 Financial instruments by category

	Note	Financial assets at fair value through profit or loss	Loans and receivables	Total
		US$'000	US$'000	US$'000
Assets as per combined balance sheets				
At December 31, 2006				
Financial assets at fair value through profit or loss	19	508	—	508
Trade and other receivables, net	23	—	12,942	12,942
Restricted cash	22	—	465,446	465,446
Cash and cash equivalents	21	—	278,509	278,509
Deposits	20	—	993	993
Total		508	757,890	758,398
At December 31, 2007				
Financial assets at fair value through profit or loss	19	25	—	25
Trade and other receivables, net	23	—	218,510	218,510
Restricted cash	22	—	59,202	59,202
Cash and cash equivalents	21	—	439,395	439,395
Deposits	20	—	2,186	2,186
Total		25	719,293	719,318
At December 31, 2008				
Trade and other receivables, net	23	—	253,387	253,387
Restricted cash	22	—	124,112	124,112
Cash and cash equivalents	21	—	417,769	417,769
Deposits	20	—	1,768	1,768
Total		—	797,036	797,036
At June 30, 2009				
Trade and other receivables, net	23	—	214,840	214,840
Restricted cash	22	—	172,110	172,110
Cash and cash equivalents	21	—	340,620	340,620
Deposits	20	—	1,170	1,170
Total		—	728,740	728,740

	Note	Financial liabilities at amortized cost US$'000	Total US$'000
Liabilities as per combined balance sheets			
At December 31, 2006			
Trade and other payables	29	479,287	479,287
Borrowings	27	1,387,465	1,387,465
Total		1,866,752	1,866,752
At December 31, 2007			
Trade and other payables	29	789,988	789,988
Borrowings	27	2,941,489	2,941,489
Total		3,731,477	3,731,477
At December 31, 2008			
Trade and other payables	29	1,875,285	1,875,285
Borrowings	27	3,643,160	3,643,160
Total		5,518,445	5,518,445
At June 30, 2009			
Trade and other payables	29	1,877,618	1,877,618
Borrowings	27	3,542,478	3,542,478
Total		5,420,096	5,420,096

17 Intangible assets, net

	Trademarks	Computer software	Show production costs	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2006				
Cost	84	3,855	—	3,939
Accumulated amortization	(20)	(1,175)	—	(1,195)
At January 1, 2006	64	2,680	—	2,744
Year ended December 31, 2006				
Balance at January 1, 2006	64	2,680	—	2,744
Additions	—	1,831	—	1,831
Amortization	(12)	(1,082)	—	(1,094)
Exchange difference	—	(3)	—	(3)
Balance at December 31, 2006	52	3,426	—	3,478
At December 31, 2006				
Cost	84	5,679	—	5,763
Accumulated amortization	(32)	(2,253)	—	(2,285)
At December 31, 2006	52	3,426	—	3,478
Year ended December 31, 2007				
Balance at January 1, 2007	52	3,426	—	3,478
Additions	21	3,631	—	3,652
Amortization	(14)	(1,760)	—	(1,774)
Exchange difference	—	175	—	175
Balance at December 31, 2007	59	5,472	—	5,531
At December 31, 2007				
Cost	105	9,475	—	9,580
Accumulated amortization	(46)	(4,003)	—	(4,049)
At December 31, 2007	59	5,472	—	5,531
Year ended December 31, 2008				
Balance at January 1, 2008	59	5,472	—	5,531
Additions	—	4,284	40,320	44,604
Amortization	(15)	(2,334)	(1,867)	(4,216)
Exchange difference	—	48	255	303
Balance at December 31, 2008	44	7,470	38,708	46,222
At December 31, 2008				
Cost	105	13,849	40,584	54,538
Accumulated amortization	(61)	(6,379)	(1,876)	(8,316)
At December 31, 2008	44	7,470	38,708	46,222
Period ended June 30, 2009				
Balance at January 1, 2009	44	7,470	38,708	46,222
Additions	—	1,353	—	1,353
Adjustment to project costs	—	—	(439)	(439)
Amortization	(7)	(1,267)	(2,115)	(3,389)
Exchange difference	—	(3)	2	(1)
Balance at June 30, 2009	37	7,553	36,156	43,746
At June 30, 2009				
Cost	106	15,201	40,147	55,454
Accumulated amortization	(69)	(7,648)	(3,991)	(11,708)
At June 30, 2009	37	7,553	36,156	43,746

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate offsetting, are shown in the combined balance sheets:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Deferred tax assets	—	124	324	317
Deferred tax liabilities	—	(41)	(165)	(165)
Net deferred tax assets	—	83	159	152

The movements of the deferred tax assets/(liabilities) are as follows:

	Decelerated depreciation allowance	Tax losses	Accelerated tax depreciation	Total
	US$'000	US$'000	US$'000	US$'000
At January 1, 2006	—	—	—	—
Credit for 2006	—	—	—	—
At December 31, 2006	—	—	—	—
Credit/(charge) for 2007	21	103	(41)	83
At December 31, 2007	21	103	(41)	83
Credit/(charge) for 2008	—	200	(124)	76
At December 31, 2008	21	303	(165)	159
Credit/(charge) for the period	6	(13)	—	(7)
At June 30, 2009	27	290	(165)	152

Deferred tax assets are recognized for tax losses carry forwards to the extent that realization of the related tax benefit through future taxable profits is probable. The unrecognized deferred income tax assets in respect of losses that can be carried forward against future taxable income and pre-opening expenses are as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Arising from unused tax losses	17,167	34,750	83,769	89,360
Arising from pre-opening expenses	4,697	12,422	15,856	16,323
	21,864	47,172	99,625	105,683

At December 31, 2006, 2007 and 2008, and at June 30, 2009, subject to the agreement by tax authorities, out of the total unrecognized tax losses of approximately US$17.2 million, US$34.8 million, US$83.8 million and US$89.4 million, respectively, an amount of approximately US$nil, US$1.0 million, US$3.7 million and US$3.9 million, respectively, can be carried forward indefinitely. The remaining amounts of approximately US$17.2 million, US$33.8 million, US$80.1 million and US$85.5 million respectively will expire in two to five years.

19 Financial assets at fair value through profit or loss

The Group's financial assets at fair value through profit or loss are derivative financial instruments, which consist of one to four interest rate cap agreements (collectively, the "Cap Agreements") that the Group uses to manage the interest rate risk associated with the Group's variable-rate borrowings (see Note 27). The aggregate notional principal amounts of the outstanding Cap Agreements were US$1.0 billion as of December 31, 2006, and US$1.7 billion as of December 31, 2007 and 2008, and as of June 30, 2009. The Cap Agreements do not qualify for hedge accounting and are stated at fair value based on quoted market values from the financial institutions holding the agreements.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Other expenses" in the combined income statements (Note 8).

20 Other assets, net

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Deferred leasing fees	—	14,719	27,950	26,381
Less: amortization of deferred leasing fees	—	(1,159)	(6,023)	(8,806)
Tenant improvement allowance	—	9,479	24,930	25,095
Less: amortization of tenant improvement allowance	—	(378)	(2,671)	(4,247)
Other deferred incentive allowance	—	—	3,940	8,965
Less: amortization of other deferred incentive allowance	—	—	(31)	(527)
Deposits	993	2,186	1,768	1,170
Others	1,361	9,867	10,907	10,185
	2,354	34,714	60,770	58,216

The maximum exposure to credit risk at the reporting date for deposits and others is their carrying values. No impairment charges related to these assets were recorded during the years ended December 31, 2006, 2007 and 2008. Impairment charges related to these assets of US$1.0 million were recorded during the six months ended June 30, 2009.

The Group's deposits are denominated in the following currencies:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
HK$	381	922	985	618
US$	130	129	—	—
MOP	482	1,135	440	220
Renminbi ("RMB")	—	—	343	332
	993	2,186	1,768	1,170

21 Cash and cash equivalents

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Cash at bank and on hand	278,509	439,395	364,566	340,620
Short-term bank deposits	—	—	53,203	—
	278,509	439,395	417,769	340,620

The Group's cash and cash equivalents are denominated in the following currencies:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
HK$	176,462	386,560	244,048	204,665
US$	99,777	30,680	143,041	110,522
MOP	1,593	11,023	16,493	14,056
Singapore Dollar ("SGD")	677	2,689	9,534	8,207
Japanese Yen ("JPY")	—	8,307	4,403	2,348
RMB	—	136	250	822
	278,509	439,395	417,769	340,620

The effective interest rates on short-term bank deposits ranged from 0.08% to 0.33%, per annum, for the year ended December 31, 2008. These deposits have an average maturity of 10 to 37 days.

The carrying values of cash equivalents approximate their fair values at each balance sheet date.

The maximum credit exposure of cash and cash equivalents as of December 31, 2006, 2007 and 2008, and June 30, 2009, amounted to US$222.4 million, US$309.5 million, US$345.5 million and US$284.2 million, respectively.

22 Restricted cash

As required by the Group's Macau Credit Facility (Note 27(a)), certain proceeds drawn under this facility needs to be deposited into restricted bank accounts that are pledged to a disbursement agent for the Macau Credit Facility lenders. This restricted cash will be used for Sands Macao, The Venetian Macao and other Cotai Strip project costs under the disbursement terms specified in the Macau Credit Facility. The disbursement account is subject to a security interest in favor of the lenders under the Macau Credit Facility.

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Restricted cash	465,446	59,202	124,112	172,110
Less: non-current portion	(232,072)	—	—	—
Current portion	233,374	59,202	124,112	172,110

The Group's restricted cash is denominated in the following currencies:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
US$	431,235	586	103,449	143,597
MOP	34,211	58,616	20,663	1,647
HK$	—	—	—	26,866
	465,446	59,202	124,112	172,110

The maximum exposure to credit risk is the carrying amounts of restricted cash at each balance sheet date.

23 Trade and other receivables and prepayments, net

	Note	As of December 31, 2006	As of December 31, 2007	As of December 31, 2008	As of June 30, 2009
		US$'000	US$'000	US$'000	US$'000
Trade receivables		6,748	46,351	216,388	228,134
Less: provision for doubtful trade receivables		(704)	(1,936)	(17,000)	(32,652)
Trade receivables, net	(a)	6,044	44,415	199,388	195,482
Notes receivable from related companies		—	141,000	800	800
Prepayments		4,726	32,924	84,321	53,047
Other receivables		6,279	20,762	22,991	15,418
Notes interest receivable from related companies		—	4,591	57	67
Receivables from related companies—non-trade		619	7,742	30,151	3,073
Deferred rent		—	15,578	55,580	63,907
Less: amortization of deferred rent		—	(1,905)	(13,884)	(22,690)
Less: provision for doubtful deferred rent		—	—	—	(3,092)
		17,668	265,107	379,404	306,012
Less: non-current portion					
Notes receivable from related companies		—	(500)	(500)	—
Prepayments		—	(20,409)	(62,848)	(36,328)
Deferred rent		—	(4,223)	(28,109)	(25,343)
		—	(25,132)	(91,457)	(61,671)
Current portion		17,668	239,975	287,947	244,341

The Group's trade and other receivables are denominated in the following currencies:

	As of December 31, 2006	As of December 31, 2007	As of December 31, 2008	As of June 30, 2009
	US$'000	US$'000	US$'000	US$'000
HK$	5,903	25,931	197,489	191,685
MOP	6,420	39,264	24,608	19,081
US$	619	153,046	30,790	3,721
RMB	—	269	500	353
	12,942	218,510	253,387	214,840

(a) Trade receivables, net

The aging analysis of trade receivables, net of provision for doubtful accounts is as follows:

	As of December 31, 2006	As of December 31, 2007	As of December 31, 2008	As of June 30, 2009
	US$'000	US$'000	US$'000	US$'000
0 – 30 days	5,538	30,405	148,061	137,142
31 – 60 days	506	6,898	12,671	7,137
61 – 90 days	—	2,470	8,790	9,643
Over 90 days	—	4,642	29,866	41,560
	6,044	44,415	199,388	195,482

The carrying values of trade receivables approximate their fair values at each balance sheet date. The maximum exposure to credit risk is the fair values of trade receivables at each balance sheet date.

Included in trade receivables are casino receivables of US$6.6 million, US$24.9 million, US$185.3 million and US$195.6 million as of December 31, 2006, 2007 and 2008 and as of June 30, 2009, respectively. There is a concentration of credit risk related to gross casino receivables as 88.4%, 64.9%, 33.9% and 36.7% of the casino receivables as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, respectively, were receivables from the top five customers. Other than casino receivables, there is no other concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The Group has policies to mitigate concentration of credit risk (see Note 3(a)(iii)) and believes its provision are adequate.

As of December 31, 2006, 2007 and 2008, and as of June 30, 2009, casino receivables of approximately US$0.6 million, US$18.6 million, US$47.3 million and US$98.0 million, respectively, were past due but not impaired. These relate to a number of independent customers that have a good track record with the Group. Extension of the credit period, with terms and conditions subject to special approvals, have been granted to these customers. The aging analysis of casino receivables that were past due but not impaired based on the original terms is as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Past due 1 – 30 days	625	13,173	9,145	54,867
Past due 31 – 60 days	—	1,233	7,004	1,773
Past due 61 – 90 days	—	329	13,355	8,311
Past due over 90 days	—	3,832	17,818	33,009
	625	18,567	47,322	97,960

Trade receivables other than casino receivables mainly comprised of hotel and mall receivables. As of December 31, 2006, 2007 and 2008 and as of June 30, 2009, these receivables of approximately US$5,000, US$10.7 million, US$24.2 million and US$16.3 million, respectively, were past due but not impaired. These relate to a number of independent customers that have a good track record with the Group. The aging analysis of these trade receivables is as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Past due 1 – 30 days	5	5,540	9,137	6,334
Past due 31 – 60 days	—	3,427	5,044	4,650
Past due 61 – 90 days	—	1,200	4,409	3,870
Past due over 90 days	—	550	5,610	1,442
	5	10,717	24,200	16,296

As of December 31, 2006, 2007 and 2008, and as of June 30, 2009, trade receivables of US$0.7 million, US$1.9 million, US$20.3 million and US$64.7 million were impaired and provided for. The amount of the provision was US$0.7 million, US$1.9 million, US$17.0 million and US$32.7 million as of December 31, 2006, 2007 and 2008, and as of June 30, 2009, respectively. The receivables mainly relate to casino customers and mall retailers, which are in unexpected difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered and thus not impaired. The aging of these receivables provided for is as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Past due 1 – 30 days	528	—	1,090	33
Past due 31 – 60 days	—	—	526	13
Past due 61 – 90 days	—	—	1,196	160
Past due over 90 days	176	1,936	17,498	64,447
	704	1,936	20,310	64,653

Movement of provision for doubtful trade receivables is as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
At the beginning of the year/period	258	704	1,936	17,000
Provision made for the year/period	2,937	1,792	16,989	20,147
Amounts written-back	(2,489)	(554)	(1,967)	(4,500)
Exchange difference	(2)	(6)	42	5
At the ending of the year/period	704	1,936	17,000	32,652

(b) Other receivables and deferred rent

The carrying values of other receivables approximate their fair values at each balance sheet date, which also represent the Group's maximum exposure to credit risk as of December 31, 2006, 2007 and 2008 and June 30, 2009. The Group holds security deposits, bank guarantees and letters of credit for certain other receivables and deferred rent. No impairment charges related to these assets were recorded for the years ended December 31, 2006, 2007 and 2008. Impairment charges of US$3.1 million related to deferred rent were recorded for six months ended June 30, 2009 and included in "Other expenses" in the combined income statements. Amounts are charged to the provision account and generally written off when the recoverability is remote.

24 Inventories

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Food and beverage	1,116	5,074	5,261	4,703
Retail products	76	989	2,228	1,786
Tobacco	199	408	474	430
Ferry parts	—	—	243	867
General operating supplies	272	1,939	2,709	2,333
	1,663	8,410	10,915	10,119

As of December 31, 2006, 2007 and 2008, and as of June 30, 2009, all inventories were carried at cost.

25 Combined capital

Balance represents the combined share capital of VVDIL, Cotai WaterJets (HK) Limited and CotaiJet Holdings (II) Limited.

26 Reserves

(a) Statutory reserve

The statutory reserve represents amounts set aside from the income statement and is not distributable to shareholders/quotaholders of the Group companies incorporated.

The Macau Commercial Code #432 requires that companies that are limited by shares should set aside a minimum of 10% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 25% of the company's capital.

For companies limited by quotas, the Macau Commercial Code #377 requires that a company should set aside a minimum of 25% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 50% of the company's capital.

(b) Capital reserve

Capital reserve represents the combined share premium of VVDIL, Cotai WaterJets (HK) Limited and CotaiJet Holdings (II) Limited.

27 Borrowings

The Group's borrowings are summarized as follows:

		As of December 31,			As of June 30,
		2006	2007	2008	2009
	Note(s)	US$'000	US$'000	US$'000	US$'000
Non-current portion					
Bank loans, secured	(a),(b),(c)	1,300,000	2,844,750	3,481,400	3,327,218
Notes payable to related companies		124,632	129,187	153,191	174,809
Finance lease liabilities, secured	28	22	61	501	389
		1,424,654	2,973,998	3,635,092	3,502,416
Less: deferred financing costs		(37,529)	(38,779)	(36,230)	(30,755)
		1,387,125	2,935,219	3,598,862	3,471,661
Current portion					
Bank loans, secured		—	6,250	44,107	70,628
Finance lease liabilities, secured	28	340	20	191	189
		340	6,270	44,298	70,817
Total borrowings		1,387,465	2,941,489	3,643,160	3,542,478

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

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Bank loans				
Repayable within 1 year	—	6,250	44,107	70,628
Repayable between 1 and 2 years	12,250	50,000	103,839	703,247
Repayable between 2 and 5 years	129,750	1,928,500	3,274,707	2,529,897
Repayable after 5 years	1,158,000	866,250	102,854	94,074
Total bank loans	1,300,000	2,851,000	3,525,507	3,397,846
Notes payable to related companies				
Repayable between 2 and 5 years	—	—	153,191	174,809
Repayable after 5 years	124,632	129,187	—	—
Total notes payable	124,632	129,187	153,191	174,809
Total bank loans and notes payable	1,424,632	2,980,187	3,678,698	3,572,655

The estimated fair values of the Group's borrowings as of December 31, 2006, 2007, 2008 and June 30, 2009 were approximately US$1.4 billion, US$3.0 billion, US$2.3 billion and US$3.1 billion, respectively.

The Group's borrowings are denominated in the following currencies:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
US$	1,287,341	2,841,408	3,312,260	3,208,104
HK$	124	38	219,123	228,956
MOP	100,000	100,043	111,674	105,331
RMB	—	—	103	87
	1,387,465	2,941,489	3,643,160	3,542,478

(a) On May 25, 2006, VMLF (the "Borrower"), entered into the Macau Credit Facility to finance the construction projects of the Group. The Macau Credit Facility originally consisted of a US$1.2 billion funded term B loan (the "Macau Term B Facility"), a US$700.0 million delayed draw term B loan (the "Macau Term B Delayed Draw Facility"), a US$100.0 million funded local currency term loan (the "Macau Local Term Facility") and a US$500.0 million revolving credit facility (the "Macau Revolving Facility"). In March 2007, the Macau Credit Facility was amended to expand the use of proceeds and remove certain restrictive covenants. In April 2007, the lenders of the Macau Credit Facility approved a reduction of the interest rate margin for all classes of loans by 50 basis points and the Borrower exercised its rights under the Macau Credit Facility to access the US$800.0 million of incremental facilities under the accordion feature set forth therein, which increased the funded Macau Term B Facility by US$600.0 million, the Macau Revolving Facility by US$200.0 million, and the total Macau Credit Facility to US$3.3 billion. As of June 30, 2009, the Macau Credit Facility had been fully funded except for US$6.6 million committed to be funded by Lehman Brothers Commercial Paper Inc.

The indebtedness under the Macau Credit Facility is guaranteed by VML, VCL and certain other subsidiaries (collectively, the "Guarantors"). The obligations under the Macau Credit Facility and the guarantees of the Guarantors are collateralized by a first-priority security interest in substantially all of the Borrower's and the Guarantors' assets, other than (1) capital stock of the Borrower and the Guarantors, (2) assets that secure permitted furniture, fittings and equipment financings, (3) VML's subconcession agreement and (4) certain other assets.

The Macau Revolving Facility and the Macau Local Term Facility mature on May 25, 2011. The Macau Term B Delayed Draw Facility and the Macau Term B Facility mature on May 25, 2012 and 2013, respectively. The Macau Term B Delayed Draw Facility and the Macau Term B Facility are subject to nominal amortization for the first five and six years, respectively, which commenced in June 2009, with the remainder of the loans payable in four equal quarterly installments in the last year immediately preceding their maturity dates. The Macau Local Term Facility is subject to quarterly amortization in an amount of approximately US$6.3 million per quarter, which has its first repayment made in June 2009, with the remainder of the loan payable in four equal installments in the last year immediately preceding the maturity date.

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 Macau Local Term Facility, adjusted Hong Kong Inter-bank Offered Rate ("HIBOR")) or at an alternative base rate, plus a spread of 2.25% per annum or 1.25% per annum, respectively (set at 7.0%, 5.7%, 2.5%, 2.4% per annum for the Macau Local Term Facility and 8.1%, 7.1%, 2.7% and 2.6% per annum for the remainder of the Macau Credit Facility at December 31, 2006, 2007 and 2008, and at June 30, 2009, respectively), and are subject to a downward adjustment of 0.25% per annum from the beginning of the first principal payment if certain maximum leverage ratios are satisfied. The Borrower also pays a standby commitment fee of 0.5% per annum on the undrawn amounts under the Macau Revolving Facility. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the weighted average interest rates for the Macau Local Term Facility were 6.9%, 6.8%, 5.1% and 2.5% per annum, respectively, and the weighted average interest rates for the remainder of the Macau Credit Facility were 8.1%, 7.8%, 5.8% and 2.7% per annum, respectively.

To meet the requirements of the Macau Credit Facility, the Group entered into four separate interest rate cap agreements in September 2006, May 2007, October 2007 and September 2008 (collectively, the "Cap Agreements"—Note 19) with notional amounts of US$1.0 billion, US$325.0 million, US$165.0 million and US$160.0 million, respectively, all of which will expire on September 21, 2009. The provisions of the Cap Agreements entitle the Group to receive from the counterparties the amounts, if any, by which the selected market interest rates exceed the strike rate of 6.75% as stated in such agreements. There was no net effect on interest expense as a result of the Cap Agreements for the years ended December 31, 2006, 2007 and 2008, and for the six months ended June 30, 2008 and 2009. On September 24, 2009, the Group entered into a new interest rate cap agreement with a notional amount of US$1,585.0 million. This new interest rate cap agreement was effective on September 21, 2009 and will expire on September 21, 2012. The provisions of this interest rate cap agreement entitle the Group to receive from the counterparty the amounts, if any, by which the selected market interest rates exceed the strike rate of 9.5% as stated in such agreement.

The Macau Credit Facility contains affirmative and negative covenants customary for such financings, including, but not limited to, limitations on incurring additional liens, incurring additional indebtedness, making certain investments, paying dividends and making other restricted payments, and acquiring and selling assets. The Macau Credit Facility also requires the Borrower and the Guarantors to comply with financial covenants, including, but not limited to, generating a minimum Consolidated Adjusted EBITDA (as defined under the Macau Credit Facility, in which EBITDA refers to earnings before interest, taxes, depreciation and amortization) for a period of time and, thereafter, ratios of Consolidated Adjusted EBITDA to interest expense and total indebtedness to Consolidated Adjusted EBITDA, as well as maximum annual capital expenditures. The Macau Credit Facility also contains events of default customary for such financings and also sets forth several events relating to the Ultimate Parent Company and Mr. Sheldon Adelson's ownership in the Ultimate Parent Company, which would constitute an event of default. These events, if not cured or waived, could trigger a cross default in the ferry financing facility (see (b) below) and result in the acceleration of those and other outstanding debt obligation and the enforcement of security and guarantees given in respect of such obligations.

The Macau Credit Facility was subsequently amended on August 12, 2009 (see Note 35(a)).

(b) In January 2008, in order to finance the purchase of ten ferries, which were respectively owned by ten ferry owning companies that are subsidiaries within the Group, Cotai Ferry Company Limited ("CFCL"), a subsidiary within the Group, entered into a HK$1.2 billion (approximately US$156.0 million at exchange rates in effect on June 30, 2009) secured credit facility, which is available for borrowing for up to 18 months after closing. The proceeds from the secured credit facility were used to finance the construction of ferries. The facility is collateralized by the ferries and is guaranteed by VML. The facility matures in January 2018 and is subject to 34 quarterly payments commencing at the end of the 18-month availability period.

In July 2008, CFCL exercised the accordion option on the secured credit facility agreement that financed the ferry companies' original ten ferries and executed a supplement to the secured credit facility agreement. The supplement increased the secured credit facility by an additional HK$561.6 million (approximately US$72.5 million at exchange rates in effect on June 30, 2009) of which CFCL has drawn HK$485.0 million and HK$561.6 million as of December 31, 2008 and June 30, 2009, respectively (approximately US$62.6 million and US$72.5 million at exchange rates in effect on December 31, 2008 and June 30, 2009, respectively). The proceeds from this supplemental facility are being used to finance the construction of ferries. The supplemental facility is collateralized by all ferries and guaranteed by VML. Net book values of these ferries were US$32.5 million, US$164.0 million and US$200.2 million as of December 31, 2007 and 2008 and June 30, 2009, respectively.

Borrowings under the facility bear interest at the HIBOR plus 2.0% if borrowings are made in HK$ (set at 2.3% and 2.1% as of December 31, 2008 and June 30, 2009, respectively) or the London Interbank Offered Rate ("LIBOR") plus 2.0% if borrowings are made in US$. The weighted average interest rates for the facility were 4.7% and 2.2% for the year ended December 31, 2008 and the six months June 30, 2009, respectively. The undrawn facility as of December 31, 2008 and June 30, 2009, were US$9.9 million and US$nil, respectively.

The facility requires CFCL to comply with certain financial covenants, including a leverage ratio of total bank debt to EBITDA and an interest coverage ratio of EBITDA to net finance charges. Measurement of these ratios starts in the second quarter of 2010. Apart from the events of default that are customary for such financing, it is also a default of the facility if there is a material adverse change with respect to the Group's ferry business. The Group's loss of the right to provide ferry services would result in an event of default only if the Group fails to secure new rights to provide ferry services after six months of the loss of the right (known as a "discussion period"), during which the Group can seek a new arrangement that would allow it to resume the provision of ferry services.

The secured credit facility agreement for ferry financing was subsequently amended on August 20, 2009 (see Note 35(b)).

(c) In March 2008, in order to finance the purchase of vehicles, VML entered into a MOP200.9 million (approximately US$25.2 million at exchange rates in effect on June 30, 2009) credit facility, which is available for borrowing until December 31, 2010. The proceeds from the credit facility were used to reimburse VML for cash spent on purchase of vehicles. The facility matures on December 31, 2011, and is subject to interest payments, which commenced in June 2008, with the principal due in four equal quarterly installments in 2011. Borrowings under the facility bear interest at 3-month HIBOR plus 2.25% (set at 3.2% and 2.6% per annum at December 31, 2008 and June 30, 2009, respectively), and the facility is collateralized by the vehicles purchased with this loan. The weighted average interest rate for the facility were 4.5% and 3.2% per annum for the year ended December 31, 2008, and for the six months ended June 30, 2009, respectively. Net book values of these vehicles were MOP66.8 million (approximately US$8.4 million at exchange rates in effect on December 31, 2008) and MOP58.9 million (approximately US$7.4 million at exchange rates in effect on June 30, 2009) as of December 31, 2008 and June 30, 2009, respectively.

28 Finance lease liabilities

The Group is a lessee under finance leases for equipment.

Lease liabilities are effectively secured, as the rights of the leased asset revert to the lessor in the event of default.

The future minimum lease payments (including interest), and the present value of the minimum lease payments under finance lease are as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Minimum lease payments:				
Later than 1 year and no later than 2 years	347	25	257	245
Later than 2 years and no later than 5 years	8	24	269	251
Later than 5 years	16	44	306	185
	371	93	832	681
Future finance charges on finance lease obligations	(9)	(12)	(140)	(103)
Present value of finance lease liabilities	362	81	692	578
Present value of minimum lease payments:				
Later than 1 year and no later than 2 years	340	20	191	189
Later than 2 years and no later than 5 years	7	21	221	216
Later than 5 years	15	40	280	173
	362	81	692	578

29 Trade and other payables

		As of December 31,			As of June 30,
		2006	2007	2008	2009
	Note	US$'000	US$'000	US$'000	US$'000
Trade payables	(a)	11,085	20,248	21,434	27,714
Construction payables and accruals		233,374	363,282	303,059	285,990
Deposits		19,257	54,035	60,714	66,041
Payables to related companies—non-trade	33(e)	135,610	108,146	1,240,753	1,233,828
Other tax payables		65,220	129,145	119,420	113,196
Notes interest payable to related companies	33(g)	1,255	1,303	1,115	787
Interest payables		596	1,631	937	777
Other payables and accruals		78,110	241,343	247,273	262,481
		544,507	919,133	1,994,705	1,990,814
Less: non-current portion relating to deposits		(282)	(6,831)	(12,663)	(12,872)
Current portion		544,225	912,302	1,982,042	1,977,942

The Group's trade and other payables are denominated in the following currencies:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
US$	136,053	143,598	1,263,698	1,252,276
MOP	352,644	562,587	516,032	526,141
HK$	55,621	210,571	210,694	210,273
Other currencies	189	2,377	4,281	2,124
	544,507	919,133	1,994,705	1,990,814

(a) Trade payables

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
0 – 30 days	5,615	10,673	6,081	7,643
31 – 60 days	3,772	3,705	6,726	8,486
61 – 90 days	664	2,431	2,037	4,205
Over 90 days	1,034	3,439	6,590	7,380
	11,085	20,248	21,434	27,714

30 Note to combined statements of cash flows

Cash generated from operations is as follows:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Profit before income tax	375,836	196,084	175,905	114,127	58,144
Adjustments for:					
Interest income	(27,783)	(29,226)	(4,801)	(2,454)	(281)
Interest and other finance costs	27,170	72,283	115,601	56,656	45,291
Depreciation and amortization	35,163	104,047	268,220	123,388	158,444
Amortization of leasehold interests in land	651	9,533	11,647	5,755	6,006
Amortization of deferred financing costs	2,183	3,302	6,394	3,093	4,707
Write-off deferred financing costs	—	—	—	—	777
Amortization of deferred rent	—	1,907	11,902	4,622	8,802
Amortization of other assets	67	1,537	7,147	757	4,853
Loss on disposal of property and equipment	1,940	562	1,622	1,184	4,894
Provision for doubtful accounts	448	1,238	15,022	917	18,739
Share-based compensation expense	—	—	15,163	7,310	3,457
Fair value losses/(gains) on financial assets through profit or loss	492	592	44	(54)	—
Net foreign exchange losses/(gains)	704	3,187	(27,648)	(1,951)	193
Changes in working capital:					
Leasehold interests in land, net	(2,828)	(235,161)	(49,596)	(17,655)	(16,085)
Inventories	(440)	(6,766)	(2,414)	(1,793)	796
Trade and other receivables and prepayments, net	(11,813)	(85,290)	(242,074)	(98,279)	19,991
Other assets	148	(33,911)	(32,790)	(6,224)	(2,298)
Trade and other payables	76,111	265,650	(13,117)	14,589	(33,782)
Cash generated from operations	478,049	269,568	256,227	203,988	282,648

31 Commitments and contingencies

(a) Capital commitments

Property and equipment commitments not provided for are as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Contracted but not provided for	783,888	1,755,512	1,422,130	289,036
Authorized but not contracted for	3,493,099	8,407,987	6,296,869	1,898,230
	4,276,987	10,163,499	7,718,999	2,187,266

(b) Operating lease commitments

(i) The Group as the lessee

The Group had future aggregate minimum lease payments under non-cancellable operating leases for interests in land and buildings as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
No later than one year	6,963	64,775	52,166	37,183
Later than one year and no later than five years	8,750	62,216	38,288	35,049
Later than five years	2,757	60,385	57,357	54,309
	18,470	187,376	147,811	126,541

(ii) The Group as the lessor/grantor of the right of use

The future aggregate minimum lease/base fee rent receivables under non-cancelable agreements for land and buildings are as follows:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
No later than one year	156	92,147	135,708	119,654
Later than one year and no later than five years	363	279,768	331,458	264,712
Later than five years	—	81,948	135,057	157,104
	519	453,863	602,223	541,470

(c) Litigation

The Group has contingent liabilities with respect to legal claims arising in the ordinary course of business in addition to the matter noted below. Management has made certain estimates for potential litigation costs based upon consultation with legal counsel and believes that no significant loss will be incurred beyond the amounts provided for 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.

On January 2, 2008, a Hong Kong ferry operator namely Norte Oeste Expresso Ltd. ("Northwest Express") filed an action against the Chief Executive of the Macau Government and CFCL, as an interested party, challenging the Macau Government's agreement with CFCL for the operation of ferry service between Hong Kong and Cotai. The basis of the legal challenge is that under Macau law, any concessions related to the provision of a public service must be awarded through a public tender process. On February 19, 2009, the Court of Second Instance in Macau held that it was unlawful for the Macau Government to enter into the ferry agreement with CFCL without engaging in a public tender process, and that the ferry agreement with CFCL was void. The Group relied on the advice of counsel in obtaining the ferry agreement and believes that it has complied with all applicable laws, procedures and Macau practice. The Group believes that all contracts to operate ferries to and from Macau were entered into in the same fashion as the ferry agreement with CFCL. Accordingly, CFCL and the Macau Government have appealed the decision to the Court of Final Appeal in Macau. The Group will cooperate with the Macau Government during the appeal period to resolve this matter. CFCL expects to continue to operate its ferry service until a decision on the appeal is rendered or the matter is otherwise resolved. If the decision is upheld by the Court of Final Appeal, the CFCL ferry agreement may be void, absent other action by the Macau Government. Based on the advice of the Macau legal advisor, the Group believes that, although uncertain, the outcome of the decision of the Court of Final Appeal is more likely to be unfavorable than favorable. If CFCL is unable to continue to operate its ferry service, the Group will need to develop alternative means of transporting visitors to its Cotai Strip properties. Under the terms of the ferry financing facility (see Note 27(b)), an event of default would occur if, upon losing the right to operate ferry services, the Group is unable to secure renewed rights to provide ferry services within six months of the loss of such right. Accordingly, if the Group is unable to do so, a resulting significant loss of visitors to its Cotai Strip properties, which could have a material adverse effect on the Group's financial condition, results of operations or cash flows. This may also result in a potential impairment charge on the approximately US$244.2 million in capitalized costs, as of June 30, 2009, related to the Group's operations.

(d) Cotai Strip development projects

Given current conditions in the capital markets and the global economy and their impact on the Group's ongoing operations, the Group announced in November 2008 its revised development plan to suspend its development projects. Should general economic conditions fail to improve, if the Group is unable to obtain sufficient funding such that completion of the suspended projects is not probable, all or a portion of the Group's investment to date on the suspended projects could be lost and would result in an impairment charge.

The Group has obtained a draft of the land concession contract for Parcels 5 and 6 from the Macau Government and upon successfully obtaining the land concession for Parcels 5 and 6, and will subsequently negotiate the land concession for Parcels 7 and 8. Based on historical experience with the Macau Government with respect to the Group's land concessions for Sands Macao and Parcels 1, 2 and 3, management believes that the land concessions for Parcels 5, 6, 7 and 8 will be granted. However, if the Group does not obtain these land concessions, the Group could forfeit all or a substantial part of its US$1.8 billion capitalized construction costs as of June 30, 2009, incurred for the developments on Parcels 5, 6, 7 and 8.

The Group had commenced pre-construction on Parcel 3, and has capitalized costs of approximately US$35.6 million as of June 30, 2009. Under the revised terms of the land concession approved by the Macau Government on August 20, 2009 that covers Parcel 3, the Group is required to complete development of Parcel 3 by April 17, 2013. Management believes that if the Group is unable to complete the development of Parcel 3 by the deadline, it will be able to obtain an extension from the Macau Government. However, no assurances can be given that an extension will be granted. If the Group is not able to meet the April 2013 deadline and that deadline is not extended, the Macau Government has the right to unilaterally terminate the land concession and the Group could lose its investment in, and right to operate, any properties developed under the land concession for Parcel 3 without compensation to the Group.

(e) Construction labor

The Group has utilized imported construction labor quota granted to it by the Macau Department of Labor for purposes of constructing the Cotai Strip properties. The Group is primarily liable for all employer costs associated with persons employed under this grant. Such employees are managed and supervised by various construction companies contracted by the Group to build the Cotai Strip properties. The construction companies are contractually obligated to pay all employer costs and to indemnify the Group for any costs it may incur as a result of the persons employed. In addition, the Group has the right of offsetting such costs against any amounts due to the construction companies. However, the Group may still have the contingency for the payments to the construction labor if the construction companies fail to pay the salaries and the amounts owed by the Group to the construction companies are not sufficient to offset the amounts due to the construction labor. As of June 30, 2009, the Group continued to employ workers under this arrangement with various construction companies.

32 Particulars of principal subsidiaries

Upon completion of the Reorganization and as of the date of this report, the Group has direct or indirect interests in the following principal subsidiaries:

Name	Place and date of incorporation/ establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held	Note
Directly held:					
Venetian Venture Development Intermediate Limited	Cayman Islands, June 21, 2002	Investment holding	US$1	100%	(a)
LVS IP Holdings, LLC	United States of America, September 29, 2009	Holder of trademark licenses	[●]	100%	(a)
Indirectly held:					
VML US Finance LLC	United States of America, January 3, 2006	Financing	Nil	100%	(a)
Cotai Strip Lot 2 Apart Hotel (Macau) Limited	Macau, October 27, 2008	Hotel apartments	MOP4,100,000 MOP3,121,000 (preference shares)	100% 100%	(b)
Venetian Cotai Hotel Management Limited	Macau, March 12, 2008	Human resources administration	MOP500,000	100%	(b)
Venetian Orient Limited	Macau, February 2, 2006	Hotels and restaurants	MOP100,000	100%	(b)
Venetian Travel Limited	Macau, October 16, 2006	Travel and tourism agency services	MOP1,800,000	100%	(b)
Cotai Retail Concepts Limited	Macau, May 10, 2007	Retail distribution of merchandise	MOP100,000	100%	(b)
Venetian Retail Limited	Macau, June 15, 2007	Mall management	MOP1,500,000	100%	(b)
Cotai Ferry Company Limited	Macau, July 19, 2007	High speed ferry transportation services	MOP1,000,000	100%	(b)
Cotai Human Resources Management Limited	Macau, July 21, 2007	Human resources administration	MOP1,000,000	100%	(b)
Cotai WaterJets (HK) Limited	Hong Kong, July 11, 2007	Holding investments	HK$1	100%	(c)
CotaiJet Holdings (II) Limited	Hong Kong, November 23, 2007	Holding investments	HK$1	100%	(c)
Venetian Macao Finance Company	Cayman Islands, July 23, 2003	Financing (dormant since May 2005)	US$1	100%	(a)

Name	Place and date of incorporation/ establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held	Note
V-HK Services Limited	Hong Kong, September 6, 2004	Marketing and customer development services for VML	HK$1	100%	(c)
Venetian Cotai Limited	Macau, November 11, 2004	Hotels, restaurants, shopping mall, and conference and convention	MOP200,000,000	100%	(b)
Venetian Macau Limited	Macau, June 21, 2002	Gaming and other related activities	MOP200,000,000	100%	(b), (e)
Zhuhai Cotai Logistics Hotel Services Co., Ltd.	The People's Republic of China, September 27, 2007	Procurement, marketing and administrative services	US$4,500,000	100%	(d)
CotaiJet 311 Limited	Cayman Islands, August 14, 2007	Ferry leasing	US$1	100%	(a)
CotaiJet 312 Limited	Cayman Islands, August 14, 2007	Ferry leasing	US$1	100%	(a)
CotaiJet 313 Limited	Cayman Islands, August 14, 2007	Ferry leasing	US$1	100%	(a)
CotaiJet 314 Limited	Cayman Islands, September 12, 2007	Ferry leasing	US$1	100%	(a)
CotaiJet 315 Limited	Cayman Islands, September 12, 2007	Ferry leasing	US$1	100%	(a)
CotaiJet 316 Limited	Cayman Islands, October 8, 2007	Ferry leasing	US$1	100%	(a)
CotaiJet 317 Limited	Cayman Islands, October 8, 2007	Ferry leasing	US$1	100%	(a)
CotaiJet 318 Limited	Cayman Islands, October 8, 2007	Ferry leasing	US$1	100%	(a)
CotaiJet 319 Limited	Cayman Islands, October 8, 2007	Ferry leasing	US$1	100%	(a)
CotaiJet 320 Limited	Cayman Islands, October 8, 2007	Ferry leasing	US$1	100%	(a)
CotaiJet 350 Limited	Cayman Islands, January 21, 2008	Ferry leasing	US$1	100%	(a)
CotaiJet 351 Limited	Cayman Islands, January 21, 2008	Ferry leasing	US$1	100%	(a)
CotaiJet 352 Limited	Cayman Islands, January 21, 2008	Ferry leasing	US$1	100%	(a)
CotaiJet 353 Limited	Cayman Islands, January 21, 2008	Ferry leasing	US$1	100%	(a)

Notes:

(a) No audited financial statements were prepared for these companies as they are not required to issue audited financial statements under the local statutory requirements.

(b) Audited by Lowe Bingham & Matthews—PricewaterhouseCoopers for each of the years ended December 31, 2006, 2007 and 2008.

(c) Audited by PricewaterhouseCoopers for each of the years ended December 31, 2006, 2007 and 2008.

(d) Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company for each of the years ended December 31, 2006, 2007 and 2008.

(e) 10% of the company's issued share capital is held through an usufruct agreement whereby VVDIL has the sole and exclusive benefit. Accordingly, the profits and losses and assets and liabilities of the company have been consolidated as to 100% thereof into the Financial Information.

33 Related party transactions

For the purposes of this Financial Information, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities, and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

Immediately after the Reorganization, the Group's immediate holding company is VVDI (II), a company incorporated in the Cayman Islands. LVS is the Group's ultimate holding company. Related companies represent the group companies of the LVS group.

Save as disclosed elsewhere in the Financial Information, the Group has the following transactions during the Relevant Periods:

(a) Continuing transactions

(i) Management fees

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Ultimate Parent Company	—	—	6,448	—	1,361
Fellow subsidiaries	6,131	16,242	22,952	12,208	9,261
	6,131	16,242	29,400	12,208	10,622

Management services are provided by LVS and six other fellow subsidiaries for providing services including but not limited to human resources support, accounting services, sourcing of goods and services, sourcing of tenants for the malls and other various types of marketing and promotion activities for the Group. Management fees are charged on a cost-plus basis, allowing a margin of 5% to 10%.

Management fees disclosed below can be reconciled to the management fees as disclosed in Note 6(a), Note 6(b) and Note 8(a)(i) as follows:

		Year ended December 31,			Six months ended June 30,	
		2006	2007	2008	2008	2009
	Note	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Total management fees disclosed in "Related Party Transactions"		6,131	16,242	29,400	12,208	10,622
Less: amounts included as "Deferred leasing fees"		—	(2,359)	(574)	(425)	—
amounts capitalized as "Construction-in-progress"		(1,274)	(1,816)	(2,600)	(1,250)	—
Net amounts expensed in combined income statements		4,857	12,067	26,226	10,533	10,622
Represented by management fees presented within:						
Segment information—Corporate expense	6(a)	—	—	7,227	—	2,576
Segment information—Pre-opening expense	6(b)	—	8,178	7,207	4,252	—
Other operating and administrative departments		4,857	3,889	11,792	6,281	8,046
		4,857	12,067	26,226	10,533	10,622
Reconciled to management fees presented within "Other expense" as below:						
Net management fees charged by related parties and expensed through income statements		4,857	12,067	26,226	10,533	10,622
Management fees charged by third parties		—	2,834	3,267	1,531	2,459
Total management fees expensed	8(a)(i)	4,857	14,901	29,493	12,064	13,081

(ii) Interest income

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Ultimate Parent Company	289	—	—	—	—
Fellow subsidiaries	384	4,591	46	23	11
	673	4,591	46	23	11

(iii) Interest expense

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Ultimate Parent Company	7,262	2,664	2,702	1,338	1,579
Intermediate holding companies	847	3,685	3,059	1,594	676
	8,109	6,349	5,761	2,932	2,255

(iv) Expenses billed to/paid by other LVS group companies

During the year ended December 31, 2008 and the six months ended June 30, 2008 and 2009, the Group charged an LVS Group company for certain expenses paid on its behalf at cost of US$1.6 million, US$0.1 million (unaudited) and US$1.1 million, respectively.

Other LVS group companies incurred certain expenses on behalf of the Group. These expenses were reimbursed by the Group at cost.

(b) Non-continuing transactions

(i) Legal services

The Group's previous Managing Director provided legal services to the Group on a regular basis. During the years ended in December 31, 2006, 2007 and 2008, and the six months ended June 30, 2008 and 2009, the Group paid approximately US$1.1 million, US$1.5 million, US$1.0 million, US$0.7 million (unaudited) and US$nil for related services, respectively.

(c) Notes receivable from related companies—non-trade

		As of December 31,			As of June 30,
		2006	2007	2008	2009
	Notes	US$'000	US$'000	US$'000	US$'000
Fellow subsidiaries	(i),(ii)	—	141,000	800	800
Less: non-current portion	(ii)	—	(500)	(500)	—
Current portion		—	140,500	300	800

(i) The promissory note of US$140.5 million issued by Venetian Marketing Services Limited ("VMSL"), which was originally due on April 30, 2012, was fully paid in January 2008. The note is unsecured and bears interest at a rate or rates per annum equal to the rates applicable to the Macau Credit Facility (Note 27(a)).

(ii) Two promissory notes issued by Venetian International Marketing Services (HK) Limited ("VIMSL") include US$0.3 million and US$0.5 million, both of which will be due on February 1, 2010. Both notes are unsecured and bear interest at a rate or rates per annum equal to the rates applicable to the Macau Credit Facility (Note 27(a)).

Upon the completion of [●], the notes receivable, notes interest receivables and receivables from related companies as set out in note (d) and note (e) below will be fully settled.

(d) Notes interest receivable from related companies—non-trade

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Fellow subsidiaries	—	4,591	57	67
	—	4,591	57	67

(e) Year-end balances arising from operating expenses paid by/on behalf of and advance to/from the Group:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Receivables from related companies:				
Fellow subsidiaries	619	7,742	30,151	3,073
Payables to related companies:				
Ultimate Parent Company	114,179	40,453	366,220	397,260
Intermediate holding companies	17,943	28,842	871,157	820,194
Fellow subsidiaries	3,488	38,851	3,376	16,374
	135,610	108,146	1,240,753	1,233,828

The receivables and payables are unsecured, interest-free and have no fixed terms of repayment.

Upon the completion of [●], the Group will fully settle the payables to related companies as well as the notes payable and notes interest payable to related companies as set out in note (f) and (g) below.

(f) Notes payable to related companies

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Ultimate Parent Company	72,842	73,562	94,309	114,804
Intermediate holding company	51,790	55,625	58,881	60,005
	124,632	129,187	153,190	174,809

The promissory note issued by the Group to LVS, the Ultimate Parent Company, which is due on December 18, 2013, as of December 31, 2006, 2007 and 2008 and as of June 30, 2009, amounts to US$72.8 million, US$73.6 million, US$74.3 million and US$74.7 million, respectively, and is unsecured and bears interest at 3.59% per annum.

The promissory note issued to LVS, LLC, an intermediate holding company incorporated in the United States of America, which is due on December 31, 2013, as of December 31, 2006, 2007 and 2008 and as of June 30, 2009, amounts to US$51.8 million, US$55.6 million, US$58.9 million and US$60.0 million, respectively, and is unsecured and bears interest calculated on a daily basis at 3-month LIBOR plus 1.75% per annum, adjusted quarterly.

Interests on the two notes are payable quarterly in arrears. The Group has the option not to pay all or part of interest accrued on the scheduled payment dates. If the Group elects to do so, the unpaid interest is added to the outstanding principal amount of the notes.

The balance due to LVS includes another note issued by the Group which has no fixed terms of repayment. The amount of the note as of December 31, 2006, 2007, 2008 and as of June 30, 2009 is US$nil, US$nil, US$20.0 million and US$40.1 million respectively. It is unsecured and bears interest calculated on a daily basis at 3-month LIBOR plus 1.75% per annum, adjusted quarterly.

(g) Notes interest payable to related parties

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	US$'000	US$'000	US$'000	US$'000
Ultimate Parent Company	312	315	322	443
Intermediate holding companies	943	988	793	344
	1,255	1,303	1,115	787

(h) Key management personnel remuneration

No transaction has been entered with the directors of the Company (being the key management personnel) during the Relevant Periods other than the emoluments paid to them (being the key management personnel remuneration) as disclosed in Note 7.

(i) Share-based compensation

The Group participates in the share-based compensation plans of the Ultimate Parent Company (Notes 7 and 34).

34 Share-based compensation

The Company participates in the equity settled share-based compensation plans of LVS and is a party to a nonqualified share option plan, the 2004 Plan, which is described below. 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 the Company is a party, for grants of option to purchase its common shares. The purpose of the 2004 Plan is to give LVS and its subsidiaries (collectively the "LVS Group") a competitive edge in attracting, retaining, and motivating employees, directors and consultants and to provide the LVS Group with a share plan providing incentives directly related to increases in its shareholder value. Any of the LVS Group's employees, directors or officers and many of its consultants are eligible for awards under the 2004 Plan. The 2004 Plan provides for an aggregate of 26,344,000 shares of LVS's common shares to be available for awards. The 2004 Plan has a term of ten years and no further awards may be granted after the expiration of the term. LVS's compensation committee may grant awards of nonqualified share options, incentive (qualified) share options, share appreciation rights, restricted share awards, restricted share units, share bonus awards, performance compensation awards or any combination of the foregoing. As of June 30, 2009, there were 10,081,776 shares available for grant under the 2004 Plan.

Stock option awards are granted with an exercise price equal to the fair market value (as defined in the 2004 Plan) of LVS's stock on the date of grant. The outstanding stock options generally vest over four years and have ten-year contractual terms. Compensation cost for all stock option grants is net of estimated forfeitures and is recognized on a straight-line basis over the awards' respective requisite service periods. LVS estimates the fair value of stock options using the Black-Scholes option-pricing model. Expected volatilities are based on a combination of LVS's historical volatility and the historical volatilities from a selection of companies from LVS's peer group due to LVS's lack of historical information. The Group estimated the expected option life based on life of options, exercise prices, current price of the underlying shares and other factors. The risk-free interest rate for periods equal to the expected term of the share options is based on the U.S Treasury yield curve in effect at the time of grant. LVS has no legal or constructive obligation to repurchase or settle the options in cash.

Prior to 2008, LVS charged the Group the share-based compensation expenses equivalent to the fair value of the share options granted by LVS to the directors and employees of the Group. The share-based compensation expenses were charged to consolidated income statement and credited to payables to related companies.

Starting from 2008, LVS ceased to charge the Group the share-based compensation. For the purpose of financial reporting of the Group, share-based compensation expense arising from the granting of share options by LVS to the directors and employees of the Group, to the extent of services rendered to the Group, is deemed to have been allocated to the Group as its expense with the corresponding increase in the share option reserve under equity in the relevant companies comprising the Group.

Movements in the number of share options outstanding and their related weighted average exercise prices attributable to the employees of the Group as grantees of the share option scheme operated by LVS are as follows:

	Year ended December 31,						Six months ended June 30, 2009	
	2006		2007		2008			
	Weighted average exercise price(i)	Number of options ('000)(ii)	Weighted average exercise price(i)	Number of options ('000)(ii)	Weighted average exercise price(i)	Number of options ('000)(ii)	Weighted average exercise price(i)	Number of options ('000)(ii)
	US$		US$		US$		US$	
Outstanding at January 1	29.93	1,119	43.72	1,492	59.41	1,862	63.36	2,872
Granted	54.34	842	81.71	747	67.72	1,479	7.68	179
Transfer-in(iii)	—	—	39.27	11	60.63	41	56.14	109
Exercised	30.22	(75)	38.64	(195)	34.82	(69)	—	—
Transfer-out(iii)	30.07	(158)	56.83	(52)	65.24	(122)	50.50	(254)
Forfeited	29.58	(235)	39.67	(141)	65.54	(291)	68.63	(654)
Expired	29.00	(1)	—	—	66.38	(28)	62.59	(248)
Outstanding at December 31/ June 30	43.72	1,492	59.41	1,862	63.36	2,872	58.00	2,004
Exercisable at December 31/ June 30	29.55	78	36.26	197	52.26	514	58.59	601

(i) Exercise price is expressed in US dollars.

(ii) Number of options represent the number of ordinary shares in LVS into which the options are exercisable.

(iii) Transfer-in and transfer-out represent movement of options owned by grantees who transferred from other subsidiaries of LVS to the Group, or vice versa.

The above share options outstanding as of the dates indicated have the following remaining contractual lives and exercise prices:

	As of December 31,						As of June 30, 2009	
	2006		2007		2008			
Exercise price(i)	Number of options outstanding ('000)(ii)	Weighted average remaining contractual life	Number of options outstanding ('000)(ii)	Weighted average remaining contractual life	Number of options outstanding ('000)(ii)	Weighted average remaining contractual life	Number of options outstanding ('000)(ii)	Weighted average remaining contractual life
5.03	—		—		130,000	9.92	40,000	9.43
5.93	—		—		—		5,100	9.54
7.73	—		—		—		174,000	9.97
29.00	563,508	7.96	376,828	6.96	272,487	5.95	173,925	5.46
30.54	21,750	8.80	15,000	7.80	13,500	6.80	2,500	6.30
33.55	—		—		5,000	9.53	5,000	9.04
37.18	60,000	8.53	60,000	7.53	60,000	6.52	60,000	6.03
39.30	—		—		5,000	9.52	5,000	9.02
42.59	455,700	9.03	362,550	8.03	318,100	7.03	228,342	6.53
44.03	—		—		55,000	9.58	105,000	9.08
45.65	15,000	8.91	—		—		—	
47.53	86,000	9.12	72,000	8.12	48,250	7.12	31,250	6.62
50.93	—		—		5,000	9.63	5,000	9.13
62.20	120,000	9.32	105,000	8.32	105,000	7.32	—	
64.11	—		—		7,500	9.43	7,500	8.93
68.05	20,000	9.43	20,000	8.43	—		—	
69.60	—		—		664,500	9.31	407,000	8.81
72.76	—		—		5,000	9.38	—	
76.70	—		541,400	9.38	381,375	8.38	255,750	7.88
78.02	—		30,000	9.41	30,000	8.41	30,000	7.92
82.35	100,400	9.86	64,450	8.86	46,050	7.86	31,050	7.36
82.83	—		—		526,000	9.23	384,125	8.73
83.84	—		17,500	9.16	17,500	8.16	—	
87.91	—		30,000	9.16	2,500	8.16	—	
91.44	—		—		7,500	9.12	—	
93.76	—		20,000	9.59	20,000	8.59	20,000	8.09
94.84	50,000	9.95	50,000	8.95	50,000	7.95	—	
97.79	—		5,000	9.65	5,000	8.65	5,000	8.16
99.57	—		50,000	9.10	50,000	8.10	—	
99.92	—		5,000	9.64	5,000	8.64	—	
118.15	—		37,000	9.87	37,000	8.87	28,000	8.37
	1,492,358	8.72	1,861,728	8.41	2,872,262	8.36	2,003,542	8.09

(i) Exercise price is expressed in US dollars.
(ii) Number of options represent the number of ordinary shares in LVS into which the options are exercisable.

Options exercised during the years ended December 31, 2006, 2007 and 2008 resulted in 74,918, 194,745 and 68,912 shares, respectively, of the Ultimate Parent Company being issued at weighted average prices of US$30.22, US$38.64, US$34.82, respectively. The related weighted average share prices at the time of exercise were US$70.45, US$101.08, US$83.72 per share during the years ended December 31, 2006, 2007 and 2008, respectively. During the six months ended June 30, 2009, no shares were exercised.

The significant inputs into the Black-Scholes option-pricing model in determining the fair value of the share options granted by LVS during the years/period presented are as follows:

	Year ended December 31, 2006	2007	2008	Six months ended June 30, 2009
Risk-free annual interest rate	4.55%	4.51%	2.97%	2.65%
Dividend yield	—	—	—	—
Expected life (years)	6.0	6.0	6.4	6.3
Expected volatility(i)	31.21%	30.66%	36.56%	77.35%
Weighted average share price (US$)	54.34	81.71	67.72	7.68
Weighted average exercise price (US$)	54.34	81.71	67.72	7.68
Weighted average fair value of each share option granted by LVS (US$)	21.57	32.06	27.78	5.18

(i) Expected volatility is calculated based on a combination of LVS's historical volatility and the historical volatilities from a selection of LVS's peer group over the period that has the same length as the expected life of each grant.

Movements in the number of restricted shares outstanding and the respective weighted average grant date fair value attributable to the employees of the Group as grantees of the restricted shares granted by LVS are as follows:

	Year ended December 31, 2006		2007		2008		Six months ended June 30, 2009	
	Weighted average grant date fair value(i)	Number of restricted shares ('000)(ii)	Weighted average grant date fair value(i)	Number of restricted shares ('000)(ii)	Weighted average grant date fair value(i)	Number of restricted shares ('000)(ii)	Weighted average grant date fair value(i)	Number of restricted shares ('000)(ii)
	US$		US$		US$		US$	
Outstanding at January 1	37.09	1	63.37	1	78.62	1		—
Granted	63.37	1	78.62	1		—	7.30	14
Vested	37.09	(1)	63.37	(1)		—		—
Cancelled/forfeited		—		—	78.62	(1)		—
Outstanding at December 31/ June 30	63.37	1	78.62	1		—	7.30	14

(i) Grant date fair value represents the fair value of the ordinary shares of LVS.

(ii) Number of restricted shares outstanding represents the number of ordinary shares of LVS given to the employees upon vesting.

35 Subsequent events

a. Macau Credit Facility

On August 12, 2009, the Macau Credit Facility (see Note 27(a)) was amended to:

(i) change the maximum consolidated total debt to Consolidated Adjusted EBITDA ratio (as defined in the Macau Credit Facility) (the "consolidated leverage ratio") to the levels described below;

(ii) amend the definition of "change of control" to permit the [●], provided that upon consummation of [●], the 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);

(iii) 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 of the prior twelve months;

(iv) 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 repay the term loan tranches under the Macau Credit Facility on a pro rata basis with any excess net proceeds used to repay the revolving loans;

(v) 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 is not 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

(vi) provide for the ability to add a new revolver tranche to the Macau Credit Facility, which would be effective as of or after the existing revolver maturity date of May 2011 for up to one year thereafter, subject to certain conditions and the willingness of lenders to provide such financing.

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 Macau Local Term Facility, adjusted HIBOR) plus a credit spread or at a base rate, plus a credit spread. As a result of the amendment on August 12, 2009, the applicable credit spread for the Macau Revolving Facility and the terms loans was increased to 5.5% until the repayment of US$500.0 million principal amount of the loans under the Macau Credit Facility to the lenders from the proceeds of the completed [●], and 4.5% thereafter. These credit spreads will be adjusted depending on a consolidated leverage ratio.

Following the amendment as of August 12, 2009, the Macau Credit Facility includes the following financial covenants:

(i) a Consolidated Adjusted EBITDA to consolidated interest expense ratio for any relevant quarter period, each being three months ending on 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:

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

b. Ferry Financing

On August 20, 2009, the secured credit facility agreement for ferry financing as stated in Note 27(b) was amended, among others, to remove the requirement to comply with financial covenants and to increase the interest rate to HIBOR plus 2.5% if the loans are made in Hong Kong dollars or LIBOR 2.5% if the loans are made in United States dollars.

c. On September 4, 2009, VVDI (II), the Group's immediate holding company, issued the bonds in the principal amount of US$600.0 million to the bondholders, all of whom are independent third parties to the Group. On the same date, the net proceeds of the issued bonds have been transferred to the Group for repaying the Group's amounts due to the Ultimate Parent Company and the other fellow subsidiaries.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group with respect to any period subsequent to June 30, 2009. Same as disclosed in this report, no dividend or distribution has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2009.

Yours faithfully,

[PricewaterhouseCoopers]
Certified Public Accountants

Hong Kong