

INTERIM REPORT
for the period ended 31 December

2008

Investing in Asia's most
promising property market

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Investing for growth

IN ONE OF THE MOST PROMISING
PROPERTY MARKETS IN THE REGION

Macau Property Opportunities Fund Limited has a single, focused aim: to generate attractive total returns from carefully selected property developments in Macau and China's Pearl River Delta.

The Company is a closed-end investment fund incorporated in Guernsey. Its shares are traded on AIM, which is operated by the London Stock Exchange.





Steady
progress

IN THE FACE OF A CHALLENGING ENVIRONMENT

Total Adjusted NAV
us\$224m

30 June 2008 us\$296m

Increase since admission
+18%

+53% in sterling terms*

* based on a Sterling/Dollar exchange rate of 1.45 as at 31 December 2008

Adjusted NAV per share
us\$2.13

-24% for the current period

Adjusted NAV per share
147p*

+4.24% for the current period

* based on a Sterling/Dollar exchange rate of 1.45 as at 31 December 2008

The six months from July to December 2008 were the most testing since the Fund's launch. Nevertheless, while we have seen a reduction in our Adjusted Net Asset Value, we have made steady progress with our development projects.

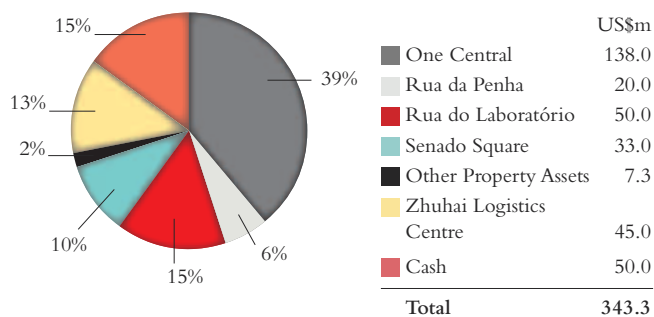
OUR PROPERTY PORTFOLIO

in facts and figures

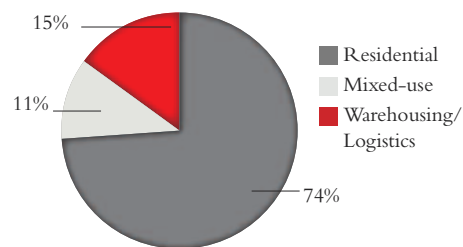
Valuation
us\$258m*

Change (current period)
-21%

PORTFOLIO COMPOSITION BY PROJECT
(BASED ON TOTAL COMMITMENT COSTS)



PORTFOLIO COMPOSITION BY SECTOR
(BASED ON TOTAL COMMITMENT COSTS)



* Based on independent valuations of the Company's portfolio properties by Savills (Macau) Limited.

Rua da Penha

Valuation: **US\$20,643,000***

Total Commitment: US\$20 million
Acquisition Date: October 2006
Location: Macau Peninsula
Positioning: Residential (luxury)
Current Status: Advanced planning
Projected Gross Floor Area: 80,000 ft²/7,430m²
Estimated Completion Date: 2010
Change (current period): -7%
Change (since acquisition): +148%

Rua do Laboratório

Valuation: **US\$35,609,000***

Total Commitment: US\$50 million
Acquisition Date: November 2006
Location: Macau Peninsula
Positioning: Residential (entry-level)
Current Status: Consolidating
Projected Gross Floor Area: 220,000 ft²/20,440m²
Estimated Completion Date: 2011
Change (current period): -10%
Change (since acquisition): +66%

Senado Square

Valuation: **US\$31,094,000***

Total Commitment: US\$33 million
Acquisition Date: October 2007
Location: Macau Peninsula
Positioning: Mixed-use
Current Status: Assessment & planning
Projected Gross Floor Area: 70,000 ft²/6,500m²
Estimated Completion Date: 2010
Change (current period): -3%
Change (since acquisition): +93%

Zhuhai Logistics Centre

Valuation: **US\$11,702,000***

Total Commitment: US\$45 million
Acquisition Date: August 2008
Location: Zhuhai, China
Positioning: Warehousing & Logistics
Current Status: Assessment & planning
Projected Gross Floor Area: 1.6m ft²/150,000m²
Estimated Completion Date: 2011
Change (current period): +8%
Change (since acquisition): +8%

One Central

Valuation: **US\$149,082,000***

Total Commitment: US\$138 million
Acquisition Date: November 2006 onwards
Location: Macau Peninsula
Sector: Residential (Premium luxury)
Current Status: Under construction
Gross Floor Area: 201,000 ft²/18,700m²
Estimated Completion Date: Late 2009
Change (current period): -30%
Change (since acquisition): +7%

Other Property Assets

Valuation: **US\$9,909,000***

Total Commitment: US\$7.3 million
Current Status: Consolidating
Change (current period): -11%
Change (since acquisition): +37%

All projections shown above are based on the latest indicated zoning, plot ratios and construction costs and are subject to final planning approval.

Our Company's long-term success is based on our astute identification of suitable development and investment opportunities and the prudent management of strategic assets in our niche markets. While Macau's fundamental growth drivers remain intact, our portfolio is well positioned to capitalise on the territory's long-term prospects.

CHAIRMAN'S STATEMENT

There is no doubt that the ongoing turmoil in the international financial markets affected our business during the last six months of 2008. We nevertheless have confidence in our inherent strengths and belief in Macau's future prospects.

The publication of our third Interim Report comes part-way through one of the most turbulent periods ever experienced in the international financial markets.

Macau Property Opportunities Fund has not been immune to the resulting conditions, nor to the impact of the media's negative coverage of Macau's economic fortunes, both of which have contributed to a downturn in investment property values.

During the six-month period to 31 December 2008, the value of our portfolio fell by 21%, resulting in a 24% decrease in the Company's Adjusted Net Asset Value to US\$2.13 per share. In sterling terms, however, the Adjusted Net Asset Value rose by 4.24% to 147p based on a Sterling/Dollar exchange rate of 1.45 as at 31 December 2008.

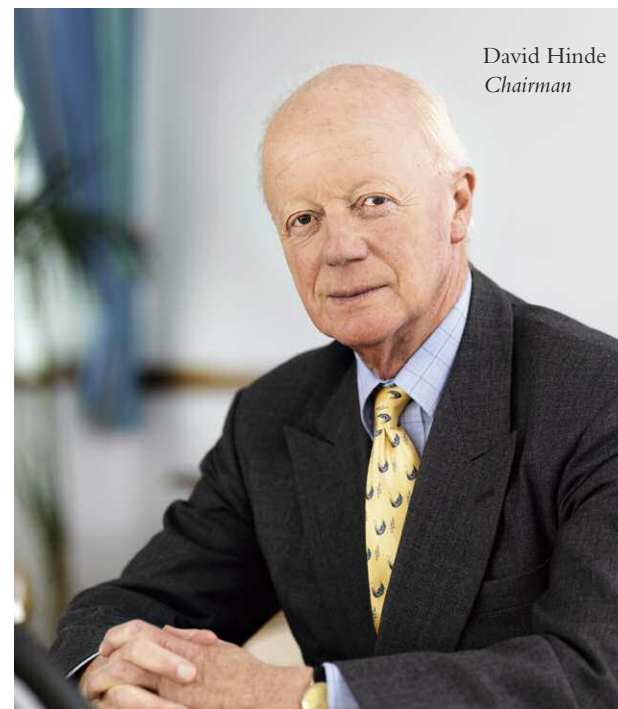
While this is disappointing, it comes after a three-year period in which property values rose significantly.

It also overshadows the fact that, despite the difficult operating environment, we have made significant progress in a number of areas.

Since the end of the half year, we have announced the successful signing of our first loan facility for US\$83 million. This was secured with a consortium of international and Macanese banks, led by HSBC, and will allow us to meet our obligations for our investment in One Central Residences.

We have diversified our portfolio by completing the acquisition of the Zhuhai Logistics Centre, our first logistics project and our first major investment in mainland China. This project is now subject to a progressive asset management programme, including plans for new buildings on the adjacent land.

We have also made good progress with our other development properties, which strengthens our position in our chosen markets. We expect to benefit from our ability to exercise a degree of control over these projects and determine when to capitalise on their values.



David Hinde
Chairman

We have kept, and will continue to keep, a tight rein on our borrowing and a sharp watch on the health of both our balance sheet and our long-term cash flow.

The second half of 2008 was clearly a testing time for Macau's property market and the outlook for 2009 remains uncertain. We are taking full advantage of the economic downturn to capitalise on lower construction costs, optimise our project timetables and seek further suitable acquisition opportunities.

I am confident that we have the skills and expertise required to meet the challenges of the future and a portfolio of assets that will reward our shareholders over the long-term.

David Hinde
Chairman
Macau Property Opportunities Fund Limited

“We will continue to keep a tight rein on our borrowing and a sharp watch on the health of both our balance sheet and our long-term cash flow.”

Our strategically selected investments in Macau’s property market leave us well placed to benefit over the longer term from the territory’s powerful economic and social drivers.

MANAGER’S REPORT

Despite the current upheaval in the world’s financial markets, the underlying drivers of the Macanese economy remain fundamentally sound. We believe that, by virtue of our chosen investment strategy, MPO is well placed to generate attractive long-term returns from its strategically selected portfolio.

It is well documented that the turmoil in the world’s financial markets, and the resulting economic uncertainty and downturn in other industrial and commercial sectors, made life extremely difficult for investors during the last few months of 2008. Despite our strategic positioning, Macau Property Opportunities Fund (MPO) was unable to escape the situation entirely unscathed, with the worst effects being felt in the last quarter of 2008.

As our Chairman has noted, we have seen a reduction of 24% in our Adjusted Net Asset Value over the six months to 31 December 2008.

While this is an unwelcome reflection of the general weakening of market values, it comes after a three-year period of significant growth and neither dampens our enthusiasm for the long-term outlook for Macau nor causes us to revise our strategy for the future of our specific operations.

New acquisitions point the way

The acquisition of the Zhuhai Logistics Centre – our first venture into mainland China and our first in this sector – pointed the way in August 2008. Not only has the Centre both increased and diversified the number of major assets in our portfolio, it has also given us a new platform from which to explore possible opportunities for further investment in China’s Western Pearl River Delta.

Latest cash balance*
(*As at 27 February 2009)

us\$48m

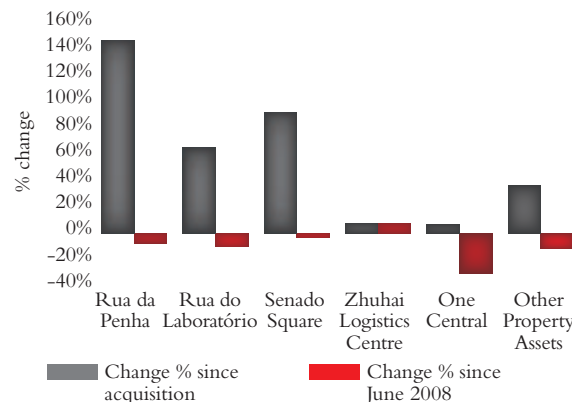
This figure reflects well on our prudent approach to cash management, which we believe will see us through any possible worsening of the current international credit crisis.

Debt secured

us\$83m

We have successfully secured a credit facility with a consortium of international and Macanese banks, led by HSBC, to finance the remaining payment of our investment in One Central Residences.

PORTFOLIO VALUATION CHANGE



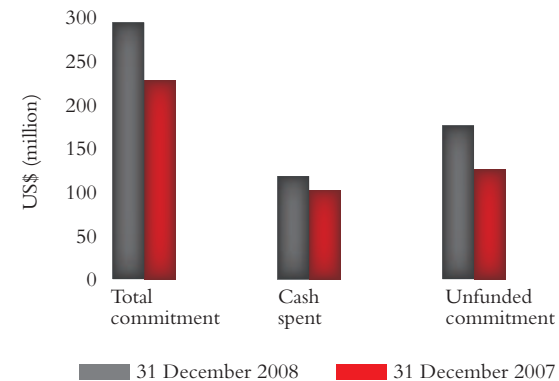
The Logistics Centre’s existing premises are 50% leased at a rental yield of approximately 12% based on latest valuations, implying an effective investment yield of 6%. We aim to increase this through a progressive programme of asset management including the enhancement of the existing buildings, professional property management and improved occupancy. We are working closely with both international and local property agents with the aim of having 75% of the total space leased by the second half of 2009.

Simultaneously, our strategy for developing additional commercial premises and residential accommodation for local workers on the adjacent land has been taking shape since our appointment of master planners and architects.

The underlying value of the Zhuhai Logistics Centre lies not just in its location, but also in its proximity to the landing point for the Hong Kong-Zhuhai-Macau Bridge. Construction of this new crossing, which will increase the inter-connectivity between the three cities and considerably shorten the travel time between them, is due to start by the end of 2009.

It has also been reported that the Guangdong authorities plan to expand Zhuhai’s potential as a tourism hub by creating a theme park and other attractions on neighbouring Hengqin Island. This scheme will, we believe, add further value to the Zhuhai Logistics Centre and the surrounding area.

MPO CAPITAL ALLOCATION



While Zhuhai has been our largest acquisition during the last six months, we have continued our policy of acquiring smaller assets that will collectively add value to our portfolio. Our priorities focus on viable, upcoming locations and opportunities for capital growth through consolidation, refurbishment or redevelopment in selected markets segments. We invested a further US\$3.8 million in smaller properties of this kind between 1 July and 31 December 2008.

Major loan secures One Central

As reported by our Chairman, we have recently finalised details of the agreement for a loan of US\$83 million, secured with a consortium of international and Macanese banks led by HSBC, which will help us meet the remaining obligations on our investment in One Central, one of Macau’s most prestigious mixed-use developments.

“The underlying drivers of the Macanese economy remain fundamentally sound.”

MANAGER'S REPORT

(continued)

One Central Residences, where we have acquired the whole of Tower 6 and 25 individual, well-placed units, is currently being fitted out. The entire project is due for completion by the end of 2009. When it opens, the shopping centre at the base of the residential towers will be the largest on the Peninsula and an attractive international retail destination directly connected to the adjacent MGM Grand Macau and the new Mandarin Oriental Hotel.

Current market conditions have, understandably, had an impact on the pricing of One Central residential units in the secondary market. At the same time, a number of developers have decided to delay the launch of other luxury residential projects until market conditions improve.

At the time of its completion, One Central will probably be the only finished development offering truly high-end residential accommodation on the Macau Peninsula. As such, it will be well placed to take advantage of a potential shortfall in high-end property, when market conditions improve. With this in mind, we are considering a number of options for the future, all of them geared towards achieving the maximum possible return from our investment.

Developments strengthen our position

Our three development projects – Rua da Penha, Rua do Laboratório and Senado Square – have all made good, steady progress during the period under review.

Rua da Penha is a niche residential development designed to provide accommodation for middle- to upper-income

buyers. Located in a popular district, the scheme has been well received and construction is expected to begin in the second half of 2009. Fortunately, due to the comparative ease of mortgage-backed finance for locals, and the popularity of owner occupancy amongst our targeted buyers, the market for properties of this kind has been least affected by recent events.

Rua do Laboratório, which we acquired in November 2006, is a development specifically aimed at the entry-level market. We began demolition of the existing building at the end of 2008 and expect to complete construction of the new property during 2011. We believe the project will benefit from the government's encouragement of home ownership amongst local people seeking properties valued at US\$375,000 or less.

Our third development project – Senado Square – is a mixed-use scheme in the heart of Macau's World Heritage district. The Square's planning process continued throughout the second half of 2008, as did our research into the optimal market positioning and tenant mix. Our aim is to develop a retail complex that will appeal to tourists and wealthy locals alike.

Looking ahead, we believe the weaker sentiment in the global property market may lead to lower prices and deliver vendors who are more open to negotiation. With our low gearing, healthy reserves and strong cash position, all of which compare favourably with other companies in our sector, we will be able to act swiftly whenever such opportunities may occur.

Unaudited results are summarised below:

	31 Dec 2008		30 Jun 2008	
	US\$	£ ¹	US\$	£ ¹
NAV	\$154.94m	£107.01m	\$170.69m	£85.55m
NAV per share	\$1.48	101.92p	\$1.63	81.47p
Adjusted NAV ²	\$223.55m	£154.40m	\$295.56m	£148.12m
Adjusted NAV per share ²	\$2.13	147.05p	\$2.81	141.07p
Uplift in Adjusted NAV since Admission ³	18.28%	52.84%	56.37%	46.63%

1. Based on US\$/£ exchange rate of 1.448 at 31 December 2008 and 1.995 at 30 June 2008

2. Adjusted Net Asset Value is shown after accruing for the performance fee (if any) and is calculated by taking the NAV per share calculated under IFRS and adjusting inter alia to include the properties owned by the Company at net realisable value rather than at the lower of cost and net realisable value

3. Based on NAV per share at Admission on 5 June 2006 of US\$1.80 (96.21p)

Across all these projects, our strength as developers lies in the way we can exercise a degree of control over each one, and the freedom we have to schedule disposals to suit our aims and the prevailing market conditions.

The decline in construction material prices and labour costs may also help strengthen our position by allowing us to cut costs in certain areas and improve our IRR.

Financial results

The Company's interim financial statements as at 31 December 2008 have been prepared in accordance with both International Financial Reporting Standards and the Company's stated valuation policy. All properties have been valued by Savills (Macau) Limited as at 31 December 2008. Development properties classified as inventories are included in the financial statements at the lower of cost and net realisable value, whereas properties classified as investment properties are carried at fair value. This results in a reported Net Asset Value per share as at 31 December 2008 of US\$1.48.

The market valuation of MPO's interests in these properties, as reported by Savills and as detailed in the Portfolio Summary of this report, was US\$258 million. This represents an uplift of US\$55.1 million or 27% over the cost of the properties. This has resulted in an Adjusted Net Asset Value per share of US\$2.13 or 147.05p at 31 December 2008. These figures represent a respective 18.3% and 52.8% increase from the Net Asset Value per share at the time of the Company's admission to AIM.

As at 31 December 2008, MPO's total assets stood at US\$240.1 million comprising US\$177.7 million of development properties, US\$11.7 million of investment property and cash of US\$50.3 million. If development properties were included in the Balance Sheet at market value, as reported by Savills and as used for the Adjusted Net Asset Value, total assets would be US\$308.7 million. Total liabilities of the Company as at 31 December 2008 were US\$85.2 million, of which US\$82.9 million represented the outstanding amounts due on all One Central properties.

“With our low gearing, healthy reserves and strong cash position, we will be able to act swiftly whenever acquisition opportunities may occur.”

While the turmoil in the world's financial markets has undoubtedly created some uncertainty about the future, Macau's essential stability sustained the city's economic growth during 2008.

SOUND FOUNDATIONS SUSTAIN GROWTH

In a half-year marked by extraordinary turmoil in the international financial sector, Macau maintained its record for continuing growth underpinned by the solid economic and demographic fundamentals that have been the hallmark of the city's success.

Growth in GDP continued

+21.6% YOY

Figures for Qs1-3 of 2008 show Macau's GDP continuing to grow year-on-year, outstripping many others in the surrounding region.

Further rise in visitor numbers

+12% YOY

Macau remains a popular tourist destination compared with mainland China and other Asian countries. In 2008, visitor numbers grew to 30 million.

Low unemployment rate

3.3%

Macau has a low unemployment rate, and the government is determined to create more jobs by investing in infrastructure projects and helping the city's SMEs.

Gaming revenues increased

+31% YOY

Despite a slight fall during Q4 of 2008, the city's gaming revenues topped US\$13.6 billion.

Retail sales increased

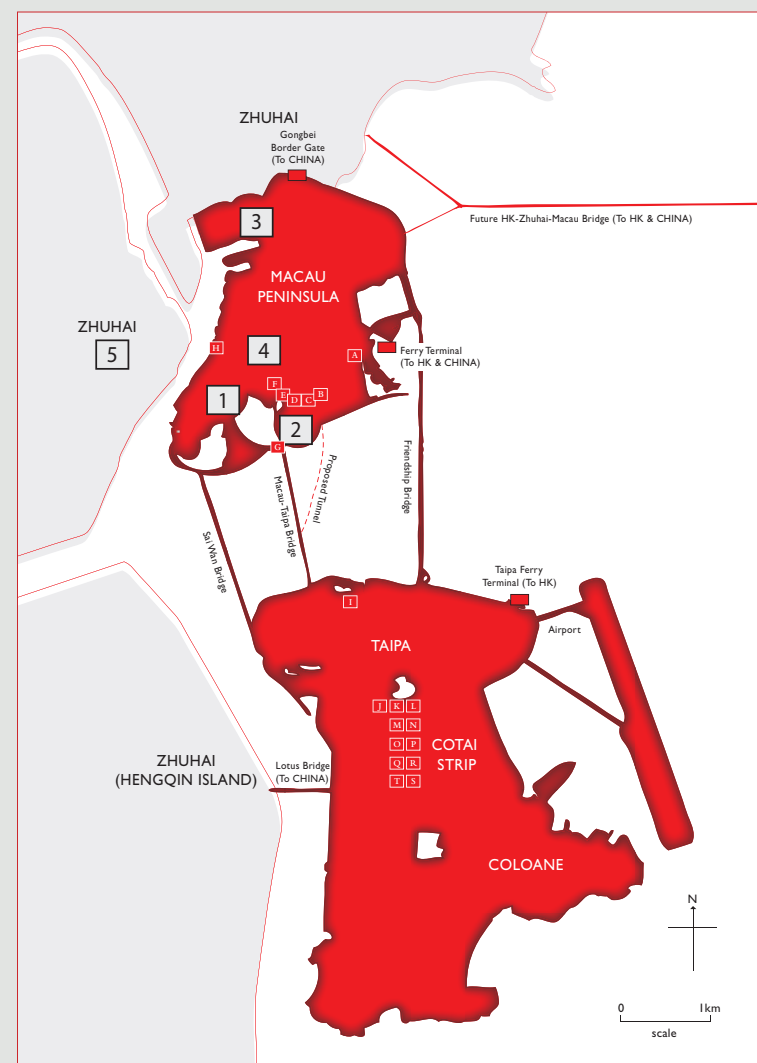
+34% YOY

Driven by strong tourist and domestic spending, retail sales hit US\$2.37 billion in 2008, despite the second-half slow-down.

Healthy fiscal surplus

us\$3.14bn

Its strong financial position gives the Macau government plenty of scope for investing in and stimulating the local economy.



MPO'S KEY PROPERTIES

- 1 Rua da Penha
- 2 One Central
- 3 Rua do Laboratório
- 4 Senado Square
- 5 Zhuhai Logistics Centre

MAJOR PROJECTS ON MACAU PENINSULA

- A Sands Macao
- B Starworld
- C Wynn Macau
- D Encore (opening in 2010)
- E Lisboa
- F Grand Lisboa
- G MGM Grand Macau
- H Ponte 16

MAJOR PROJECTS ON COTAI

- I Crown Macau
- J Galaxy Mega Resort (opening in 2010)
- K Venetian Macao-Resort-Hotel
- L City of Dreams (opening in mid 2009)
- M Four Seasons
- N Shangri-La*
- O Far East Consortium*
- P Sheraton & St. Regis*
- Q Macao Studio City*
- R Hilton & Conrad*
- S Fairmont & Raffles*
- T Harrah's Cotai golf course

* On hold

MANAGER'S REPORT

(continued)

Cash Management

As at 27 February 2009, the Company had a cash balance equivalent to US\$48 million. Cash balances are held primarily in HK\$ fixed deposits and in savings and current accounts with international banks located in Guernsey, Hong Kong and Macau. The Company continues to adopt a prudent cash management policy and closely monitor its capital requirements.

With most MPO assets denominated in US\$ and HK\$ during the period, our exposure to foreign exchange risk can be considered minimal.

Developments in Financing

In February 2009, MPO successfully secured its first debt financing transaction and signed the US\$83 million Club Loan Facility Agreement. This facility will be used to meet the Company's outstanding obligations in connection with One Central. Drawdown of the loan will be upon handover of the project, expected by the end of 2009. The facility extends until 30 September 2012 at an interest rate of 3-month HIBOR plus 2.4% per annum.

The Company is also in ongoing discussions with respect to construction financing for its various development projects. Having developed strong relationships with the region's financial institutions, these discussions have proven to be positive and these facilities will be progressed further as planning approvals are received.

We continue to operate a highly measured borrowing policy, and place a significant emphasis on our long-term cash flows management. To date, no debt has been drawn down. Our most recent valuations imply a projected loan-to-value ratio of 32%* at the end of 2009, when we will have fulfilled the One Central credit facility.

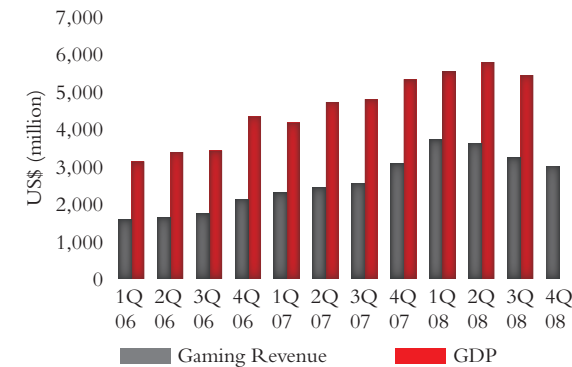
Trading of shares

In common with other London-listed property stocks, MPO's share price has suffered from weak market sentiment, with its shares trading at a substantial discount to the latest Adjusted Net Asset Value per share.

Sniper Capital, the manager of MPO, has been actively increasing its interests in MPO shares during the period through a newly established investment vehicle, Sniper Investments Limited (SIL). As at 31 December 2008, SIL had established a total holding of 3,162,500 MPO shares representing 3% of the Company's issued share capital. This clearly demonstrates the Manager's confidence in the long-term prospects for both MPO and Macau's property market and its belief in the significantly undervalued level at which the stock is currently trading.

*Based on projected drawdown on credit facility of US\$83 million and valuation of portfolio as at 31 December 2008 of US\$258 million.

GDP & GAMING REVENUE



Source: DSEC, DICJ

CONSTRUCTION COSTS



Source: DSEC

Significant shareholders*

Name of shareholder	Number of Shares	%
Amvescap (Invesco & Aim)	30,828,244	29.36%
Insight Investment	21,595,000	20.57%
Midas Capital Partners	14,200,000	13.52%
Universities Superannuation Scheme	10,500,000	10.00%
RWC Investors	3,187,442	3.04%
Sniper Investments Limited	3,162,500	3.01%
Other	21,526,814	20.50%
Total	105,000,000	100%

*As at 31 January 2009

Macau's prospects

Recognising the impact of global forces on the local economy, the Macau government has stepped in with a number of initiatives designed to stimulate general economic growth, as well as growth in the property sector. They include investments in the local infrastructure and help for first-time homebuyers.

The need for these moves was evident during the second half of 2008. In six months, capital values in the high-end property market fell by some 21% and those in the mass market by some 26%, according to Jones

Lang LaSalle. Rental values also dropped over the whole year, with the high-end sector recording a 15.4% fall and the mass market sector posting a reduction of 17.4% for the same twelve-month period.

These falls are due to general lack of confidence and a number of speculative investors selling into a weak market and to stagnation in rental demand caused by a reduction in the number of migrants employed in the city.

Nevertheless, Macau's retail sector remains healthy, as evidenced by the opening of new shopping facilities such as The Shoppes at Four Seasons and the New Yohan department store and by the improvement in achieved rentals during the second half of 2008. We may have seen a reduction in consumer spending and a slight fall in the number of tourists visiting Macau but, with an estimated 30 million visitors expected in 2009, we believe the long-term outlook for Macau's retail sector remains positive.

“We believe we have all the skills and resources needed to make positive progress in the months ahead.”

MANAGER'S REPORT

(continued)

Gaming industry outlook

Despite the economic climate, gaming revenues for the six-month period ending 31 December 2008 were up by 11.1% and by 31% on the full year, which compares favourably with Las Vegas Strip (where year-on-year revenues dropped by 10.6%) and the State of Nevada (where the year-on-year drop was 9.7%). They show that Macau is still the biggest gaming market in the world.

These figures are encouraging, but there can be no hiding the fact that the Chinese government's visa restrictions (which limit the number of visits allowed from mainland China) and the effects of the financial situation on VIP gaming are causing gaming revenues to grow at a slower rate than in the past.

Coupled with this, the gaming sector has had to come to terms with the temporary halt in the construction of the Las Vegas Sands Corporation's developments on Cotai Strip, which has sounded a warning note for the future. It is important to remember that Las Vegas Sands' current difficulties are essentially group-wide and not centred on Macau. The corporation's existing properties – Venetian Macao, Sands Macao and the recently opened Four Seasons – have all delivered strong performances in terms of visitor numbers, hotel occupancy rates and casino revenues since their openings.

Moreover, Las Vegas Sands is not Macau's only casino operator. With a total of 31 casinos, over 4,000 gaming tables and 17,000 hotel rooms, there is no shortage of

capacity for growth in the coming years, and more is planned. For example, Melco Crown Entertainment's City of Dreams on Cotai Strip is on target to open in mid 2009. This development of four hotels, 20 restaurants and bars, a 420,000 sq ft casino and 175,000 sq ft of retail space, is likely to create 10,000 jobs.

Other projects, which are due for completion over the next three or four years, will also continue to boost Macau's reputation as the world's most dynamic gaming destination.

Tourism & MICE

Away from the gaming tables, Macau has been developing its tourism and MICE (meetings, incentives, conferences and exhibitions) industries.

While the last six months of 2008 saw a slight fall in the growth of visitor numbers, the full-year figures still showed an increase of 12% year-on-year.

Despite the Chinese government's visa restrictions on multiple visits, many of these visitors were making their first trip from mainland China, pushing the number up by 17% during the year. Many others were from countries in the Asia Pacific region, including Thailand (where the numbers were up by 81%), Singapore (up by 41%), the Philippines (up by 30%), South Korea (up by 24%) and Japan, where visitor numbers increased by 23%.

Macau government's proposed stimulus package

Property-related measures

Down payment guarantee scheme for first-time homebuyers purchasing properties valued at US\$375,000 and under.

4% interest subsidy for first-time homebuyers purchasing properties valued at US\$375,000 and under.

Stamp duty cut from 3% to 1%.

Other incentives

Increase in public infrastructure spending to US\$1.3 billion on transport links and road improvements.

Personal income tax cut by 25% with increases in personal and corporate tax allowances.

More support for local SMEs.

Today's Macau offers many attractions beyond the lure of gaming. Zaia, Cirque du Soleil's first permanent show in Asia, was officially launched in August 2008. John McEnroe, Bjorn Borg, Roger Federer and James Blake played an exhibition tennis match in November, and a number of A-list entertainers gave concerts in the city's various venues during the period under review.

Government's positive stance

Across the board, the Macau government is committed to the further diversification of its tourism and MICE offer.

It is also committed to a series of initiatives, outlined above, designed to bolster the local economy and address some of the issues associated with Macau's under-developed infrastructure and general overcrowding.

New trade and transport links are either planned or being constructed, all with the aim of improving Macau's internal communications and connections with mainland China, Hong Kong and the wider world.

The net result is that, although GDP growth has slowed, it nevertheless grew by 21.6% during the first three quarters of 2008, compared with 26% during the first half of the year. The full year's growth also compares well with other economies in the Asia Pacific region.

A challenging year ahead

There is no doubt that the situation in the international financial sector presents us with serious challenges.

Nevertheless, while we may experience slower growth across some of Macau's business activities, we still believe in the fundamental strengths of the Macanese economy. We have faith in the value of the government's various initiatives, and we share the confidence in the future shown by Macau's foreign investors, many of whom are continuing to create new projects and develop new concepts.

As mentioned earlier, our own confidence in Macau is reflected in the fact that, during the six months to 31 December 2008, Sniper Investments Limited acquired a total holding of 3,162,500 MPO shares, representing 3% of the Company's issued share capital.

In the coming year, in our role as developers, we aim to add value to our assets by taking advantage of the lower construction costs related to our redevelopment projects. We shall also capitalise on the weaker market conditions by sourcing and, where appropriate, acquiring new investment opportunities.

Although we are likely to face a number of challenges as the year progresses, we believe we are well positioned in our particular sectors and have all the skills and resources needed to make positive progress in the months ahead.

Sniper Capital Limited
Manager

CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 31 December 2008

	Note	31.12.08 US\$'000	31.12.07 US\$'000	30.06.08 US\$'000
ASSETS				
Non-current assets				
Investment property	4	11,702	–	–
		11,702	–	–
Current assets				
Inventories	3	177,728	102,894	104,599
Trade and other receivables		38	179	27
Prepayments		385	22	26
Cash and cash equivalents		50,263	95,106	80,555
		228,414	198,201	185,207
Total assets		240,116	198,201	185,207
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital		1,050	1,050	1,050
Distributable reserve		187,960	187,960	187,960
Accumulated losses		(34,107)	(10,723)	(18,310)
Foreign exchange on consolidation		38	(365)	(14)
Total equity		154,941	177,922	170,686
LIABILITIES				
Current liabilities				
Trade and other payables		85,175	20,279	14,521
Total liabilities		85,175	20,279	14,521
Total equity and liabilities		240,116	198,201	185,207

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 27 February 2009.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the period from 1 July 2008 to 31 December 2008

	Note	1 Jul 08 – 31 Dec 08 US\$'000	1 Jul 07 – 31 Dec 07 US\$'000	1 Jul 07 – 30 Jun 08 US\$'000
Revenue				
Bank and other interest		417	2,901	3,640
Rental income		120	–	–
Unrealised gain on investment property	4	625	–	–
Gains/(losses) on foreign currency exchange		1,132	(381)	(711)
		2,294	2,520	2,929
Expenses				
Management fee		2,940	2,313	5,153
Performance fee		–	9,663	14,043
Non-executive Directors' fees		103	126	251
Auditors' remuneration		49	29	107
Unrealised loss on inventories	3	14,371	–	–
General and administration expenses		628	588	1,161
		(18,091)	(12,719)	(20,715)
Loss for the period		(15,797)	(10,199)	(17,786)
Attributable to:				
Equity holders of the Company		(15,797)	(10,199)	(17,786)
Basic and diluted loss per share for loss attributable to the equity holders of the Company during the period				
	5	(0.1504)	(0.0971)	(0.1694)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from 1 July 2008 to 31 December 2008

For the period from 1 July 2008 to 31 December 2008	Share capital US\$'000	Accumulated losses US\$'000	Distributable reserve US\$'000	Foreign exchange on consolidation US\$'000	Total US\$'000
Balance at 1 July 2008	1,050	(18,310)	187,960	(14)	170,686
Foreign exchange on consolidation	–	–	–	52	52
Loss for the period	–	(15,797)	–	–	(15,797)
Balance carried forward at 31 December 2008	1,050	(34,107)	187,960	38	154,941

For the period from 1 July 2007 to 31 December 2007	Share capital US\$'000	Accumulated losses US\$'000	Distributable reserve US\$'000	Foreign exchange on consolidation US\$'000	Total US\$'000
Balance at 1 July 2007	1,050	(524)	187,960	(247)	188,239
Foreign exchange on consolidation	–	–	–	(118)	(118)
Loss for the period	–	(10,199)	–	–	(10,199)
Balance carried forward at 31 December 2007	1,050	(10,723)	187,960	(365)	177,922

For the year from 1 July 2007 to 30 June 2008	Share capital US\$'000	Accumulated losses US\$'000	Distributable reserve US\$'000	Foreign exchange on consolidation US\$'000	Total US\$'000
Balance at 1 July 2007	1,050	(524)	187,960	(247)	188,239
Foreign exchange on consolidation	–	–	–	233	233
Loss for the year	–	(17,786)	–	–	(17,786)
Balance carried forward at 30 June 2008	1,050	(18,310)	187,960	(14)	170,686

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the period from 1 July 2008 to 31 December 2008

	Note	1 Jul 08 – 31 Dec 08 US\$'000	1 Jul 07 – 31 Dec 07 US\$'000	1 Jul 07 – 30 Jun 08 US\$'000
Net cash used in operating activities	6	(16,595)	(3,656)	(6,844)
Cash flows from investing activities				
Acquisition of subsidiary		(9,085)	–	–
Expenditure on inventories		(4,664)	(45,036)	(57,131)
Net cash used in investing activities		(13,749)	(45,036)	(57,131)
Net decrease in cash and cash equivalents		(30,344)	(48,692)	(63,975)
Cash and cash equivalents at beginning of period		80,555	144,297	144,297
Effect of foreign exchange rate changes		52	(499)	233
Cash and cash equivalents at end of period		50,263	95,106	80,555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the period from 1 July 2008 to 31 December 2008

General information

Macau Property Opportunities Fund Limited is a company incorporated and registered in Guernsey under The Guernsey Company Law. The address of the registered office is given on page 28.

The consolidated financial statements for the period ended 31 December 2008 comprise the financial statements of Macau Property Opportunities Fund Limited and its subsidiaries (together referred to as the "Group").

The Group invests in commercial property and property-related ventures primarily in Macau and in the Western Pearl River Delta region.

These consolidated financial statements have been approved for issue by the Board of Directors on 27 February 2009.

1. Significant accounting policies

Basis of accounting

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

The interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements. The presentation of the interim financial statements is consistent with the annual financial statements.

The Group operates in an industry where significant seasonal or cyclical variations in total income are not experienced during the financial year.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and special-purpose entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of a special-purpose entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being property investment and related business. The Group invests in commercial property and property-related ventures primarily in Macau and in the Western Pearl River Delta region.

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the period from 1 July 2008 to 31 December 2008

1. Significant accounting policies (continued)

Investment property (continued)

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Valuations are prepared semi-annually by Savills (Macau) Limited. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying amount 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 costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement.

2. Subsidiaries

All special-purpose vehicles (SPVs) are owned 100% by Macau Property Opportunities Fund Limited. The following subsidiaries have a year end of 31 December to coincide with the Macanese tax year:

MPOF Macau (Site 1) Limited	MPOF Macau (Site 2) Limited	MPOF Macau (Site 3) Limited
MPOF Macau (Site 4) Limited	MPOF Macau (Site 5) Limited	MPOF Macau (Site 6) Limited
MPOF Macau (Site 7) Limited	MPOF Macau (Site 8) Limited	MPOF Macau (Site 9) Limited
MPOF Macau (Site 10) Limited		

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

	Ownership	Incorporation		Ownership	Incorporation
MPOF Macau (Site 1) Limited	100%	Macau	MPOF (Monte) Limited	100%	Guernsey
MPOF Macau (Site 2) Limited	100%	Macau	MPOF (Paulo) Limited	100%	Guernsey
MPOF Macau (Site 3) Limited	100%	Macau	MPOF (Guia) Limited	100%	Guernsey
MPOF Macau (Site 4) Limited	100%	Macau	MPOF (Antonio) Limited	100%	Guernsey
MPOF Macau (Site 5) Limited	100%	Macau	MPOF (6A) Limited	100%	Guernsey
MPOF Macau (Site 6) Limited	100%	Macau	MPOF (6B) Limited	100%	Guernsey
MPOF Macau (Site 7) Limited	100%	Macau	MPOF (7A) Limited	100%	Guernsey
MPOF Macau (Site 8) Limited	100%	Macau	MPOF (7B) Limited	100%	Guernsey
MPOF Macau (Site 9) Limited	100%	Macau	MPOF (8A) Limited	100%	Guernsey
MPOF Macau (Site 10) Limited	100%	Macau	MPOF (8B) Limited	100%	Guernsey
MPOF (Penha) Limited	100%	Guernsey	MPOF (9A) Limited	100%	Guernsey
MPOF (Taipa) Limited	100%	Guernsey	MPOF (9B) Limited	100%	Guernsey
MPOF (Jose) Limited	100%	Guernsey	MPOF (10A) Limited	100%	Guernsey
MPOF (Sun) Limited	100%	Guernsey	MPOF (10B) Limited	100%	Guernsey
MPOF (Senado) Limited	100%	Guernsey	MPOF Mainland Company I Limited	100%	Barbados
MPOF (Domingos) Limited	100%	Guernsey	Bream Limited	100%	Guernsey

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the period from 1 July 2008 to 31 December 2008

2. Subsidiaries (continued)

Ownership Incorporation			Ownership Incorporation		
Cannonball Limited	100%	Guernsey	China City Properties Limited	100%	Hong Kong
Civet Limited	100%	Guernsey	China Crown Properties Limited	100%	Hong Kong
Aim Top Enterprises Limited	100%	BVI	East Base Properties Limited	100%	Hong Kong
Championway International Limited	100%	BVI	Eastway Properties Limited	100%	Hong Kong
Extra Able International Limited	100%	BVI	Elite Gain Limited	100%	Hong Kong
Fondue International Limited	100%	BVI	Excelsior Properties Limited	100%	Hong Kong
Gainsun Investments Limited	100%	BVI	Glory Properties Limited	100%	Hong Kong
Go Gain International Limited	100%	BVI	Gold Century Properties Limited	100%	Hong Kong
Gorey Hills International Limited	100%	BVI	Golden City Properties Limited	100%	Hong Kong
Hillsleigh Holdings Limited	100%	BVI	Golden Properties Limited	100%	Hong Kong
Honeypot International Limited	100%	BVI	Goldex Properties Limited	100%	Hong Kong
Jin Mei International Limited	100%	BVI	Honway Properties Limited	100%	Hong Kong
Lucan Investments Limited	100%	BVI	Maxland Properties Limited	100%	Hong Kong
Lucky Go International Limited	100%	BVI	New Perfect Properties Limited	100%	Hong Kong
Magic Bright International Limited	100%	BVI	Newton Properties Limited	100%	Hong Kong
Manage Gain Investments Limited	100%	BVI	Orient Land Properties Limited	100%	Hong Kong
Mega League Investments Limited	100%	BVI	Pacific Asia Properties Limited	100%	Hong Kong
Multi Gold International Limited	100%	BVI	Pacific Link Properties Limited	100%	Hong Kong
Phoenixville Holdings Limited	100%	BVI	Pacific Success Properties Limited	100%	Hong Kong
Poly Advance Management Limited	100%	BVI	Platinum Properties Limited	100%	Hong Kong
Prominent Group Limited	100%	BVI	Queensland Properties Limited	100%	Hong Kong
Richsville Investment Limited	100%	BVI	Sky Century Properties Limited	100%	Hong Kong
Right Year International Limited	100%	BVI	Top Century Properties Limited	100%	Hong Kong
See Lucky Enterprises Limited	100%	BVI	Top Faith Properties Limited	100%	Hong Kong
Smooth Run Group Limited	100%	BVI	Union Century Properties Limited	100%	Hong Kong
Swift Link Limited	100%	BVI	Victory Star Properties Limited	100%	Hong Kong
Talent Empire International Limited	100%	BVI	Weltex Properties Limited	100%	Hong Kong
Tycoon Villa International Limited	100%	BVI	Windex Properties Limited	100%	Hong Kong
Worthy Way Limited	100%	BVI	World Pacific Properties Limited	100%	Hong Kong
Yield Return Limited	100%	BVI	Sailing Logistics (Zhuhai Free Trade Zone) Co. Ltd.	100%	PRC
Capital Full Limited	100%	Hong Kong			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the period from 1 July 2008 to 31 December 2008

3. Inventories

	31.12.08 US\$'000	31.12.07 US\$'000	30.06.08 US\$'000
Cost of properties	192,099	102,894	104,599
Write down to net realisable value	(14,371)	–	–
	177,728	102,894	104,599

During the period there has been reduction in the values of the inventories held due to a general decline in the market value of properties in Macau. Write-down of inventories amounting to US\$14,371,422 has been recognised as an expense in the Consolidated Income Statement to bring the carrying value of inventories at the lower of costs and net realisable value.

Macau Property Opportunities Fund Limited is guarantor for its subsidiary company MPOF Macau (Site 5) Limited in respect of outstanding amounts due on Tower 6 of One Central Residences. The total of the guarantee is HK\$471,370,716 (US\$60,815,781) (2007: HK\$471,370,716 (US\$60,393,901)) and is due on completion of the property development in 2009.

Subsidiaries of Macau Property Opportunities Fund Limited purchased additional units in One Central Residences and there are further payments of HK\$171,450,641 (US\$22,120,389) (2007: HK\$163,955,883 (US\$21,006,683)) due by the subsidiaries on completion of the units, which is expected in 2009.

The Group has entered into an agreement for a club loan facility of HK\$642,820,000 (US\$82.94m) to meet the remaining payments due on the One Central Residences properties.

4. Investment property

	31.12.08 US\$'000	31.12.07 US\$'000	30.06.08 US\$'000
Cost of investment properties	11,077	–	–
Net gain from fair value adjustments on investment properties	625	–	–
	11,702	–	–

During the period the Group acquired a subsidiary in Zhuhai, China which owns investment properties located in the Zhuhai Free Trade Zone. Rental income of US\$119,857 was received during the period. Direct operating expenses of US\$65,493 arising from investment properties that generated rental income were incurred during the period.

The Group's investment properties were revalued at 31 December 2008 by independent professionally qualified valuers Savills (Macau) Limited. The valuation has been carried out in accordance with the current Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards to calculate the market value of the investment properties in their existing state and physical condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the period from 1 July 2008 to 31 December 2008

5. Basic and diluted earnings/(losses) per Ordinary Share

The basic and diluted loss per equivalent Ordinary Share is based on the loss attributable to equity holders for the period of US\$(15,797,000) (31 December 2007: US\$(10,199,000) and 30 June 2008: US\$(17,786,000)) and on 105,000,000 (31 December 2007 and 30 June 2008: 105,000,000) weighted average number of Ordinary Shares in issue during the period.

6. Net cash used in operating activities

	1 Jul 08 – 31 Dec 08 US\$'000	1 Jul 07 – 31 Dec 07 US\$'000	1 Jul 07 – 30 Jun 08 US\$'000
Loss for the period	(15,797)	(10,199)	(17,786)
Adjustments for:			
Unrealised gain on investment property	(625)	–	–
Unrealised loss on inventories	14,371	–	–
Operating cash flows before movements in working capital	(2,051)	(10,199)	(17,786)
Decrease/(Increase) in receivables	(370)	692	459
Increase/(Decrease) in payables	(14,174)	5,851	10,483
Net change in working capital	(14,544)	6,543	10,942
Net cash used in operating activities	(16,595)	(3,656)	(6,844)

7. Business combinations

On 20 August 2008, the Group acquired 100% of the share capital of Sailing Logistics (Zhuhai Free Trade Zone) Company Limited, a company that owns investment properties, for a cash consideration of US\$ 8,814,818.

The acquired business contributed revenues of US\$ 745,018 and net profit of US\$506,024 to the Group for the period from acquisition to 31 December 2008. If the acquisition had occurred on 1 July 2008, consolidated revenue and consolidated loss for the six months ended 31 December 2008 would have been US\$ 2,321,287 and US\$(15,796,628) respectively.

Details of net assets acquired and goodwill are as follows:

Purchase consideration:

	31 Dec 08 US\$'000
Cash paid	8,815
Direct cost relating to the acquisition	309
Total purchase consideration	9,124
Provisional fair value of net identifiable assets acquired	9,124
Provisional goodwill	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the period from 1 July 2008 to 31 December 2008

7. Business combinations (continued)

No goodwill is recognised on the acquisition of Sailing Logistics (Zhuhai Free Trade Zone) Company Limited.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount US\$'000	Provisional fair value US\$'000
Cash and cash equivalents	39	39
Investment property	3,220	11,005
Receivables	15	15
Prepaid expenses	1	1
Payables	(1,936)	(1,936)
Net identifiable assets acquired	1,339	9,124
Outflow of cash to acquire business, net of cash acquired:		
– cash consideration		8,815
– direct costs relating to acquisition		309
– cash and cash equivalents in subsidiary acquired		(39)
Cash outflow on acquisition		9,085

8. Related party transactions

Tom Ashworth received no Director's fees from the Company.

Tom Ashworth is a shareholder and Director of Sniper Capital Limited. Sniper Capital Limited is the Manager of the Company and all management and performance fees, as detailed in the Consolidated Income Statement, are due to the Manager.

Tom Ashworth is a shareholder and Director of Adept Capital Partners Services Limited. Adept Capital Partners Services Limited provides administrative services to the Hong Kong, BVI and Macanese SPVs and received fees during the period of US\$47,285 of which US\$19,353 was outstanding at the period end (31 December 2007: US\$40,000 of which US\$25,000 was outstanding at the period end).

DIRECTORS AND COMPANY INFORMATION

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Tom Ashworth
Richard Barnes
Alan Clifton
Tim Henderson

Audit Committee:

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