

Galaxy Announces 2007 Half Year Results
EBITDA up 300% to HK\$737 million
StarWorld grows from Strength to Strength exceeding all Expectations

(Hong Kong, 17 September 2007) – Galaxy Entertainment Group Limited (“Galaxy”) (stock code: 27) today announces its half year financial results for the six months ended 30 June 2007.

Key highlights as follows:

- EBITDA for first half 2007 of \$737 million, exceeding the full year of 2006 by 70%;
- Q2 EBITDA of \$470 million increases significantly, by 76%, over Q1 of \$267 million;
- StarWorld’s EBITDA for first half 2007 of \$545 million, with EBITDA margin of 15%;
- StarWorld’s EBITDA margin for Q2 increases to 16.6% (20% under USGAAP);
- GalaxyWorld Resort is fully funded and on track to be completed by the end of 2008, with the second tower to be completed during 2009.

Dr. Che-woo Lui, Chairman of Galaxy, said, “Galaxy has continued to build upon the solid foundations established in 2006. StarWorld has grown from strength to strength exceeding all expectations.

“With five casinos in Macau, and with a market share of over 20%, Galaxy has firmly established itself as a major player within the Macau gaming market. GalaxyWorld Resort, our mega resort development in Cotai, is fully funded and on track to be completed by the end of 2008, with the second Tower to be completed during 2009,” said Dr. Lui.

For the first six months of the 2007 financial year, Galaxy captured over \$7.5 billion of Macau’s gaming revenue, with \$220 billion in VIP gaming turnover. The Group’s turnover for the half year was \$6,332 million, up from \$1,306 million for the 2006 half year. The accounting loss for the half year was \$280 million, down from the \$736 million loss in first half of 2006.



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The Group's accounting loss for the period was reported after:

- Non-cash depreciation and amortization charges of \$693 million, including the \$495 million amortization of the intangible asset arising from the acquisition of the Macau operation in 2005;
- \$324 million in finance charges.

For the 2007 half year, Galaxy's earnings before interest expense, tax, depreciation and amortization (EBITDA) was \$737 million, up from \$186 million from the 2006 half year, an increase of 300%.

Galaxy's EBITDA continued to improve over the 2007 half year. From \$267 million in Q1, to \$470 million in Q2, Galaxy's EBITDA increased by 76%.

Galaxy's revenue for Q1 of 2007 was \$2,889 million and for Q2 was \$3,443 million, up 19%.

This strong result in the Q2 of 2007 reflects the continued market share growth, revenues gains and improved efficiencies for StarWorld over this period.

As at 30 June 2007 the Group has over \$6.5 billion in cash, which together with the substantial cash flows from StarWorld, the CityClubs and Galaxy's other operations, provides Galaxy with the necessary financial resources to complete the development of phase 1 of its Galaxy World resort.

StarWorld

StarWorld continues to strengthen its position in the VIP gaming market in Macau, testament to the quality of StarWorld's product, service and the strength of relationships with promoters and players. StarWorld's strategic location at the epi-centre in the heart of the Macau gaming hub, further underpins StarWorld's competitive attraction.

In the 2007 first half, StarWorld's revenue was \$3,639 million and EBITDA \$545 million with an EBITDA margin of 15%. Revenue for Q1 was \$1,430 million, and for Q2 was \$2,209 million, up 54%. EBITDA for Q1 was \$179 million, increasing to \$366 million in Q2, up over 100%, with an EBITDA margin for Q2 of 16.6%. If calculated under USGAAP, StarWorld's EBITDA margin for Q2 would be approximately 20%.

For the half year, the results of StarWorld's three gaming segments were:

- VIP gaming revenue was \$2,628 million. VIP turnover was \$92.5 billion with a win percentage of 2.8%, within the expected range of 2.6% to 2.9%. Win per table per day continued to grow and averaged \$400,000 for Q2.



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- Mass table games revenue was \$819 million. Table games drop was \$5.0 billion with a win percentage of 16.3%. Win per table per day continued to improve and averaged over \$30,000 for Q2 of 2007.
- Slot machine revenue was \$92 million. The slot win per day for Q2 averaged over \$1,500 with an average number of 350 slot machines.

StarWorld's non-gaming revenues for the half year were \$96 million. StarWorld's hotel had an average daily room rate of \$1,015 and occupancy rate of 82%.

The development of the StarWorld ballroom is progressing well. It is expected to be completed for StarWorld's first year anniversary to be held in November. Our presidential suite will also be completed towards October, along with two additional VIP gaming rooms, providing a further 15 VIP tables increasing StarWorld's VIP tables to over 70, further expanding StarWorld's revenue generating capacity.

GalaxyWorld Resort – Galaxy's Cotai Mega Resort

The construction of the GalaxyWorld Resort, including its first hotel tower of 1,500 rooms, casino and entertainment complex is on track to be completed by the end of 2008. Galaxy's second tower with 1,000 rooms, suites and villas will be completed during 2009. Galaxy's overall design theme for this first phase of its GalaxyWorld Resort as a "Palace in a tropical Paradise" has been further developed, enhanced and reinforced in the interior and exterior design of the Resort.

Galaxy is in discussions with two leading international 5 star hotel operators, with strong brand appeal, regarding the management rights of the second hotel tower.

Galaxy's Cotai site offers an additional 10.4 million sq ft GFA for the further development of phases 2, 3 and 4 of its GalaxyWorld Resort. This ensures Galaxy has the flexibility to grow and expand as market opportunities evolve.

CityClub Casinos

Galaxy's CityClub casinos have continued to perform well in an increasingly competitive marketplace.

CityClubs' gaming revenues for the six months ended 30 June 2007 were \$4.0 billion. In spite of keen competition from new properties, the CityClub casinos captured 11% of the Macau gaming market for the period, with strong VIP gaming revenues and innovative mass gaming products. CityClubs' EBITDA for the six month period was \$114 million, up 25% from \$91 million for the previous corresponding period.



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Construction Materials Business

Galaxy's construction materials business continued to perform well. During the period, the construction materials division's revenues were \$728 million.

For the six months, the division contributed \$103 million to Galaxy's EBITDA.

USGAAP Comparisons

In comparing Galaxy's Gaming and Entertainment Division's results to those of US corporations whose results are prepared under generally accepted accounting principles in the United States ("USGAAP"), it should be noted that gross gaming revenues, presented under USGAAP, are reduced by commissions and discounts paid to players, to arrive at net gaming revenues. An adjusted EBITDA margin would then be calculated based on these reduced net gaming revenues, resulting in a significantly higher EBITDA margin than that calculated under Hong Kong accounting standards. Galaxy complies with Hong Kong accounting standards.

Hong Kong Dollars

All references to dollars are to Hong Kong dollars unless specifically stated otherwise.

About Galaxy Entertainment Group Limited (stock code: 27)

Galaxy Entertainment Group Limited, through its subsidiary, Galaxy Casino, S.A., holds a Macau gaming concession that is unlimited in the number of Casinos that Galaxy can open in Macau. Macau is the only legal gaming location in China. Galaxy is expected to invest in excess of HK\$10 billion in Macau by the year 2008.

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