



Galaxy Announces 2006 Final Year End Results

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Galaxy Announces 2006 Final Year End Results Significant milestones achieved. Opens 4 casinos including its Flagship StarWorld, Captures 22% market share, and tops out Cotai Tower

(Hong Kong, 18th April 2007) – Galaxy Entertainment Group Limited ("Galaxy") (stock code: 27) today announces its full year financial results for the year ended 31 December 2006. Galaxy has capitalized on the fast growing gaming market in Macau to position itself as one of the dominant Casino Operators within the Macau gaming market.

Dr. Che-woo Lui, Chairman of Galaxy **said**, "Galaxy has over HK\$6 billion in cash and significant cash flows from StarWorld providing Galaxy with the necessary financial resources to develop and open the first phase of its Cotai Mega resort by the end of 2008.

"StarWorld has been developed at a cost of approximately HK\$3 billion. As StarWorld's earnings potential is realized during 2007, StarWorld's existing value will be significantly greater than its development cost. We are confident that our return on capital for our investment in StarWorld (EBITDA return on Development Cost) will exceed expectations, reflecting Galaxy's true investment value.

"With the Macau gaming market growing at 44% year on year Q4 2006 versus Q4 2005, mass at 15% and VIP growing at 65% according to DICJ, Galaxy's strategy of ensuring StarWorld is a major player in the VIP market has been strongly endorsed." Galaxy's turnover for the year increased to HK\$4.7 billion compared to HK\$1.3 billion for 2005, reflecting the Group's significant expansion. The Group reported an EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) excluding non-recurring items, of HK\$437 million for the year, up from HK\$149 million in 2005. The Group reports an Operating Loss for the year of HK\$1,032 million after accounting for:

- Amortization of the Casino Licence of HK\$998 million (non cash outflow);
- Other depreciation and amortisation charges of HK\$197 million (non cash outflow);
- Launch and pre-opening expenses for 4 casinos of HK\$268 million, including labour costs, training costs, marketing and branding.

2006 was not representative of the earnings power of the Group given that the Group opened four Casinos during 2006 and for the entire year only had one casino open. Galaxy's flagship Casino, StarWorld opened to the Mass Market in October 2006 and StarWorld's VIP rooms only opened at the end of November. StarWorld was really open for only one full month of operation during 2006.

Accordingly, with all five Casinos now open, 2007 will be more indicative of the Group's earning potential.

First three months of 2007 (50% of 2006's revenues generated in just three months)

For the first 3 months of the 2007 year, Galaxy captured over HK\$3.7 billion of Macau's gaming revenue, with over HK\$100 billion in VIP gaming turnover. Based on this Galaxy's market share has now increased to 22% of the total Macau market.

In just three months with StarWorld open, Galaxy has generated the equivalent of over 50% of the total gaming revenue we generated in 2006. In view of the great success of StarWorld's VIP rooms, within the next two months, we will strengthen our VIP business to cope with the strong demand. We are continuing to optimize StarWorld's Mass Gaming floors.

Cotai Development

The Cotai Mega Resort development has been proceeding on schedule and within budget. In December 2006 the 27 floor Hotel Tower was topped-out. The construction of the podium gaming floor is well advanced and we expect to top-out the podium in May 2007 and fitting out will then commence. The project is on track to open at the end of 2008.

Landbank

The Group has a Cotai Landbank of approximately 15 million square feet of developable space. This Landbank provides Galaxy with enormous flexibility for development in the future as the Macau gaming market demand unfolds in the years ahead.

Construction Materials

Galaxy's Construction Materials division recorded steady growth over last year both in terms of turnover and profit. The division's continuous focus on cost savings over the past few years has proved successful in maintaining a competitive edge over its competitors. The division has been able to ride on the challenges brought about by softening market demand in Hong Kong and intensifying market competition on the Mainland. Our operation in Macau continued to record encouraging growth in 2006 with increased sales and higher profits. The production facilities in Macau have been further expanded to cope with the increasing market demand.

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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.

For further information please contact:

Galaxy Entertainment Group Limited
Mr. Nigel B. Morrison, Group Chief Financial Officer
Mr. Peter J. Caveny, Principal, Investor Relations
Ms. Summy Chu, Manager, Investor Relations
Tel: +852 3150 1111
Email: ir@galaxyentertainment.com