



Galaxy Entertainment Group Reports Exceptional 2010 Half Year Results

Record Group Half Year EBITDA of \$990 million, up 91% Year-on-Year

**StarWorld Record Second Quarter EBITDA of \$515 million
up 140% Year-on-Year**

Hong Kong, 31 August 2010 - Galaxy Entertainment Group (“GEG” or “the Group”) (HKSE stock code: 027), one of the fastest growing entertainment companies in the world, today reported record unaudited results for the three and six month period ended 30 June 2010.

Highlights

StarWorld Second Quarter – Record EBITDA and 8th Consecutive Quarter of Growth:

- All time records as StarWorld continues to outperform the market:
 - Record EBITDA of \$515 million, eighth consecutive quarter of growth
 - Record VIP volume of \$129 billion, up 139% over second quarter of 2009
- ROI of 43% - StarWorld is one of the most successful and highest volume casinos in the world

GEG Financially Very Robust and Significantly More Efficient after Refinancing:

- On a pro-forma basis, net profit amounted to \$608 million, up 153% year-on-year after adjusting for the one-off gain or loss from the bond buybacks
- Closed \$9 billion upsized club loan to finance Galaxy Macau™ during the first half
- Club loan’s favourable interest rate, covenants, and the “Take & Hold” undertaking by consortium of leading Asian banks reflects GEG’s strong track record and outlook

Galaxy Macau™ Poised to open in Very Strong Market Conditions:

- External façade of the hotel towers and podium completed
- Substantial progress on interior fitting out works
- Increasing investment to fully leverage the opportunity created by Macau’s surging growth and no competing new capacity entering the market for at least 12 months

Dr. Lui Che Woo, Chairman of Galaxy Entertainment Group said:

“Once again GEG outperformed the market, with excellent gaming growth and strong results from all our divisions. StarWorld continues to lead the market, delivering exceptional returns and achieving some of the highest volumes of any casino in Macau. StarWorld also boasts one



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of the highest hotel occupancy rates in Macau, recording a very healthy 96% in the second quarter of the year.”

“In Cotai, we are entering the final fit-out stages, in preparation for the opening of Galaxy Macau™. In early 2011 we will be unveiling the most innovative and uniquely Asian destination resort in the world. This, the first phase in our Cotai development, represents the culmination of six years of careful and detailed planning. We are hugely excited about the opening of Galaxy Macau™ and are confident that it will transform the Macau market just as it is now transforming the Cotai skyline.”

“As a result of our confidence, we are seizing the opportunity to increase our investment and exploit surging market demand.”

Group Financial Results

(HK\$m)	Q1 2009	Q2 2009	1H 2009	Q1 2010	Q2 2010	1H 2010	YoY% Q2	YoY% 1H
Revenue	\$2,620	\$2,715	\$5,335	\$3,953	\$4,618	\$8,571	70%	61%
EBITDA	\$243	\$275	\$518	\$417	\$573	\$990	108%	91%

Strong growth was maintained into and throughout the first half of 2010. GEG reported revenue and net profit attributable to shareholders of \$8,571 million and \$475 million respectively for the six months ended 30 June 2010. This was in comparison to revenue of \$5,335 million and net profit of \$1,059 million for the six months ended 30 June 2009. The first half of 2010 included a one-off loss of \$133 million, and the first half of 2009 included a one-off gain of \$819 million arising from the bond buyback reported during the periods. After adjusting for these one-off items, reported net profit would have been \$608 million for the first half 2010 versus \$240 million for the first half 2009. On this basis, the Group's 2010 first half net profit increased 153%.

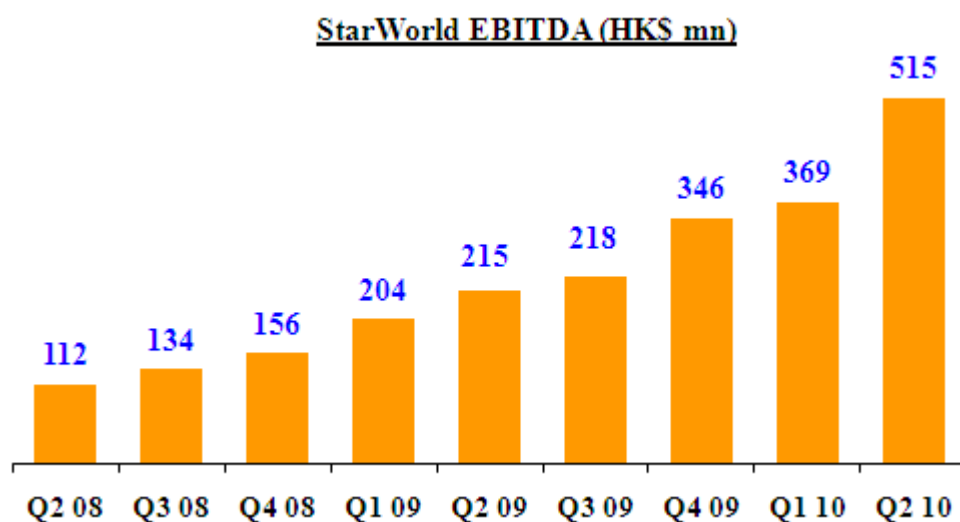
The first half of 2010 saw the benefits of the Group's previous commercial initiatives and investments. The strong financial results were supported by continuing efforts to grow profitable revenues and tightly control costs. For the six months ended 30 June 2010, the Group's adjusted earnings before interest, taxation, depreciation and amortisation (EBITDA) were \$990 million, an increase of 91% compared to \$518 million in the corresponding period in 2009. All business units performed solidly during the period and contributed to an all-time record EBITDA of \$573 million in Q2 2010.



StarWorld Hotel & Casino

StarWorld is currently the Group's flagship property, and one of the most popular and highest volume casinos in Macau. During the first six months of 2010 it achieved total revenues of \$7.27 billion and EBITDA of \$884 million; a 111% increase over the same period in 2009.

In the second quarter of 2010, StarWorld reported revenues of \$3.9 billion and its eighth consecutive quarter of EBITDA growth, an all-time record EBITDA of \$515 million.



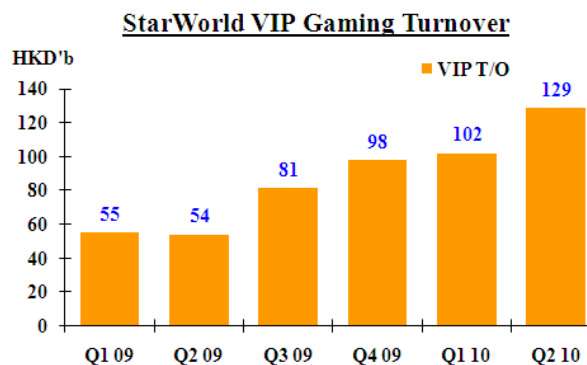
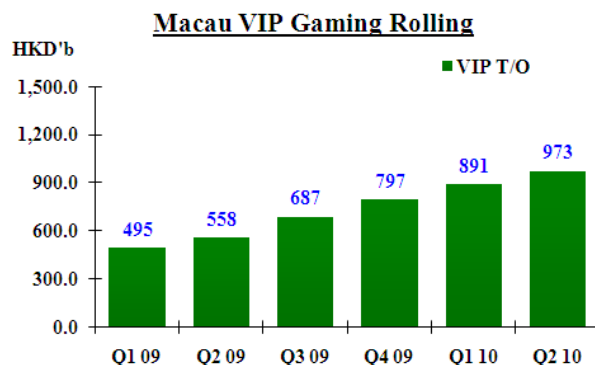
VIP Performance

VIP Rolling Chip volume for the first half of 2010 increased by 112% from \$109 billion in the first half of 2009 to \$231 billion. StarWorld recorded an all-time record quarterly VIP volume of \$129 billion in the second quarter, up 139% over the second quarter of 2009. The win rate for the six month period was 2.8%.

StarWorld is delivering an annualised ROI of 43%. The impressive performance of StarWorld was a direct result of increased gaming volumes, which continue to be driven by the property's strong reputation and quality, prudent cost controls, excellent location in the gaming hub of the Macau Peninsula, and its commitment to "Asian Heart" service.



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- Macau's VIP gaming rolling turnover
 - Up 77% from 1H09 to 1H10
 - Up 9% from 1Q to 2Q
- StarWorld VIP rolling turnover
 - Up 112% from 1H09 to 1H10
 - Up 26% from 1Q to 2Q

(HK\$m)	Q1 2009	Q2 2009	1H 2009	Q1 2010	Q2 2010	1H 2010
Turnover	\$55,000	\$54,000	\$109,000	\$102,000	\$129,000	\$231,000
Net Win	\$1,700	\$1,700	\$3,400	\$2,900	\$3,600	\$6,500
Win %	3.0%	3.2%	3.1%	2.9%	2.8%	2.8%

Mass Gaming Performance

StarWorld is a VIP centric property that also has a successful mass gaming operation. Mass Drop for the first half of 2010 increased compared to the corresponding period of 2009. The win rate stood at 16.5%, up from 15.2% during the first half of last year.

Between May and August 2009, the Group undertook an extensive refurbishment of StarWorld's mass gaming floor, significantly upgrading the facilities. Despite a decrease in the average number of mass gaming tables, revenues grew 19% to \$523 million in the first half of 2010.

(HK\$m)	Q1 2009	Q2 2009	1H 2009	Q1 2010	Q2 2010	1H 2010
Table Drop	\$1,500	\$1,390	\$2,900	\$1,500	\$1,500	\$3,000
Gaming Revenue	\$253	\$187	\$440	\$287	\$236	\$523
Win %	16.8%	13.4%	15.2%	18.2%	14.8%	16.5%



Electronic Gaming Performance:

Electronic gaming continues to be a profitable part of StarWorld's offering, despite the constrained footprint of the gaming floor. The win percentage was 7.6% compared favourably to 6.7% in the first half of 2009, whilst the Net Win was \$91 million compared with \$63 million year-on-year.

(HK\$m)	Q1 2009	Q2 2009	1H 2009	Q1 2010	Q2 2010	1H 2010
Slot Handle	\$452	\$482	\$934	\$606	\$601	\$1,207
Net Win	\$30	\$33	\$63	\$46	\$45	\$91
Win %	6.6%	6.8%	6.7%	7.7%	7.5%	7.6%

EBITDA Margin

Under US GAAP, StarWorld reported a healthy EBITDA margin of 23% in the second quarter. In industry terms this is an impressive margin given that StarWorld is a VIP centric property. These margins also demonstrate the Group's prudent cost control policies and ensure optimum profitability.

Group Financial Efficiency Initiatives

On 14 June 2010, the Group announced the closing of a six-year \$9 billion club loan from a consortium of Asia's leading banks. The club loan will fully fund the Galaxy Macau™ development in Cotai, Macau. The club loan, its pricing and the status of the banks involved, is a clear endorsement of both the Group's future plans and the strength and potential of the Macau market. The club loan will greatly enhance the financial efficiency and optimize returns for shareholders.

On 23 April 2010, the Group announced plans to redeem all of its outstanding 9.875% Guaranteed Senior Notes Due 2012, in the amount of US\$281.2 million (HK\$2,193 million) and on 24 May the redemption was concluded.

Galaxy Macau™

On schedule to open in early 2011, Galaxy Macau™ is a unique proposition; Macau's first Asian centric integrated resort and one of the largest leisure complexes in Asia. It has been conceived with "World Class, Asian Heart" and will offer the most diverse range of Asian themed entertainment, accommodation and food in Macau.



Bespoke for Asia, designed and built by a “World Class” team, and harnessing the skills of the very best partners, Galaxy Macau™ will be a fantastic and mystical world, rich in adventure. Tailored to attract a broad range of Asian guests, the resort will cater for mass gaming, direct premium gaming, electronic gaming and VIP customers. With capacity for over 600 gaming tables and 1,500 electronic gaming machines, and more than 50 food and beverage outlets, Galaxy Macau™ is tailored to the needs of Asian consumers.

The 550,000 square metre resort will feature approximately 2,200 rooms, suites and floating villas across three luxurious hotels; the ultra exclusive Banyan Tree, Japan’s legendary Hotel Okura, and the highly anticipated five star Galaxy Hotel which is modelled on the award-winning StarWorld Hotel.

Sitting high above five auspiciously themed gaming areas will be the signature 52,000 square metre oasis resort, incorporating the world’s largest sky wave pool, a white sandy beach, lush gardens, numerous water features and extensive alfresco dining.

Galaxy Macau™ – Acceleration of Development Schedule and Expanded Scope

Recognizing the significant momentum in the Macau market and the limited new capacity scheduled to open during at least the next 12 months, the Group is accelerating the development schedule of Galaxy Macau™. GEG is also enhancing a number of the property’s unique features in order to fully exploit this window of opportunity.

Accordingly, GEG is pleased to announce an additional investment of \$0.8 billion on:

- Increasing room capacity at launch by over 50% to 1,400 rooms (previously 900), including the full opening of Banyan Tree and Okura hotels
- Opening full complement of over 50 F&B outlets
- Luxurious fit-out, expansion and enhancement of the resort facilities

This additional commitment will see the total investment in Galaxy Macau™ reach \$14.9 billion. This investment will be funded from the existing credit facilities, including the club loan, cash on hand and funds from operations.

Galaxy Macau™ Construction Update

The following progress was made during the first half of 2010:

- Completion of external facade of the hotel towers and podium
- Substantial progress on interior fitting out works
- Awarded all major fitting out contracts, including hotel guestrooms, the gaming hall and the retail boulevards
- Recruitment of world class operations team



The Macau Government has recently implemented a number of changes in the labour regulations. As a result of these regulations, some additional labour costs will be incurred by all construction projects currently underway in Macau. The cost implications of this for GEG are being evaluated, but the Group is currently confident these will cause no material impact on its financial performance, or the potential to achieve strong returns from its investment in Galaxy Macau™.

Galaxy Macau™ is a striking landmark on the Cotai skyline and is on schedule to open in early 2011.

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About Galaxy Entertainment Group Limited (HKEx stock code: 27)

GEG, through its subsidiary, Galaxy Casino, S.A., holds a Macau gaming concession. GEG is authorized to carry out casino games of chance in Macau, which is the only legal gaming location in China.

The Group owns and operates StarWorld Hotel and Casino - a luxury 5-Star property located on the Macau Peninsula, and operates four CityClub Casinos in Macau. The Group has under construction “Galaxy Macau™”, a fully-integrated resort, entertainment and gaming destination. GEG is well positioned for long-term growth with its new Asian centric resort.

For more details, please visit <http://www.galaxyentertainment.com/eng>

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