



# GALAXY ENTERTAINMENT GROUP LIMITED

*(incorporated in Hong Kong with limited liability)*

(Stock Code: 27)

## ANNOUNCEMENT

GCSA, a subsidiary of the Company, which holds the Concession awarded by the Macau Government to operate casinos in Macau, published its financial information in Macau on 26 April 2006. Such financial information of GCSA is provided below.

This announcement is made by Galaxy Entertainment Group Limited (the “Company”) in compliance with the disclosure requirements of Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to provide shareholders of the Company with financial information of a subsidiary which was published in Macau on 26 April 2006.

Galaxy Casino, S.A. (“GCSA”) is a subsidiary of the Company, which is incorporated in Macau and holds one of only three gaming concessions (the “Concession”) awarded by the Macau Government to operate casinos in Macau. The Company indirectly holds 88.1% of the voting shares carrying 97.9% of the economic interest in GCSA. Under the terms of the Concession, GCSA is required to publish its annual audited financial results in one Chinese language newspaper and in one Portuguese language newspaper circulating in Macau as well as in the Official Gazette of Macau.

As GCSA became a subsidiary of the Company on 22 July 2005 (being the date of completion of the acquisition of GCSA by the Company), the audited financial results of GCSA for the period from 22 July 2005 to 31 December 2005 prepared under Hong Kong Financial Reporting Standards were already included in the audited consolidated results of the Group for the year ended 31 December 2005 announced on 11 April 2006. The Directors of the Company consider that, given the materiality of GCSA as a principal subsidiary of the Company, the full-year audited financial results of GCSA for the year ended 31 December 2005 are necessary for the shareholders of the Company and the public generally to appraise the position of the Company.

An extract of the audited financial statements of GCSA for the year ended 31 December 2005 prepared in accordance with accounting principles as set out in Section 3 of Chapter 1 of Macao Commercial Code and the Macao Official Plan of Accounting under Decree Law No. 34/83 translated into English, which was published in Macau on 26 April 2006 in Chinese and Portuguese, is set out below. **The accounting principles adopted in the preparation of these financial statements are different from those adopted by the Group under the Hong Kong Financial Reporting Standards.**

**GALAXY CASINO, S.A.**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31ST DECEMBER 2005**

*MOP'000*

**ASSETS**

Current assets

Cash on hand  
Cash at bank

148,468  
4,949,539

5,098,007

Short-term receivables

Time deposits  
Other receivables

266,928  
6,577

273,505

Inventories

Consumable goods

2,255

Capital assets

Investments  
Tangible fixed assets  
Intangible assets  
Assets under construction

51,500  
56,048  
2,507  
1,008,715

1,118,770

(14,251)

Accumulated amortisation and depreciation

1,104,519

Prepaid expenses

Other prepayments  
Deferred expenditure

98,859  
158,026

256,885

Total assets

6,735,171

**LIABILITIES**

Current liabilities

Trade creditors  
Short-term borrowings  
Other payables  
Provision for special gaming tax and funds to the Government

340,175  
128,750  
465,352  
121,968

1,056,245

Long term liabilities

Notes payable  
Other payables

4,820,400  
93

4,820,493

	<i>MOP'000</i>
Total liabilities	<u>5,876,738</u>
<b>EQUITY</b>	
Share capital and reserves	
Share capital	951,900
Accumulated losses	<u>(99,671)</u>
	852,229
Profit for the year	<u>6,204</u>
Total equity	<u>858,433</u>
Total equity and liabilities	<u>6,735,171</u>

**GALAXY CASINO, S.A.  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 2005**

	<i>MOP'000</i>
Revenues	
Gaming and other related revenues	3,987,619
Interest income	22,335
Other revenue	<u>5,387</u>
Total revenues	<u>4,015,341</u>
Expenses	
Special gaming tax and funds to the Government	(1,574,398)
Other expenses to third parties	(2,059,334)
Staff costs	(333,947)
Finance costs	(30,097)
Amortisation and depreciation	<u>(9,415)</u>
Total expenses	<u>(4,007,191)</u>
Operating profit	8,150
Other operating expenses	<u>(1,946)</u>
Profit before income tax	6,204
Income tax expenses	<u>—</u>
Profit for the year	<u>6,204</u>

**GALAXY CASINO, S.A.**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2005**

*MOP'000*

Cash flows from operating activities	
Cash used in operations	(134,523)
Interest paid	(15,911)
Interest element of finance lease rental payments	<u>(63)</u>
Net cash used in operating activities	<u>(150,497)</u>
Cash flows from investing activities	
Purchases of tangible fixed assets	(7,665)
Purchases of assets under construction	(607,090)
Purchases of intangible assets	(265)
Increase in time deposits	(5,749)
Interest received	<u>22,335</u>
Net cash used in investing activities	<u>(598,434)</u>
Cash flows from financing activities	
Proceeds from issuance of new shares	751,900
Proceeds from issuance of notes payable	4,820,400
Issue cost for notes payable	(159,263)
Decrease in loan from immediate holding company	(200,859)
New borrowings	51,500
Repayment of borrowings	(249,260)
Capital element of finance lease payments	<u>(225)</u>
Net cash from financing activities	<u>5,014,193</u>
Net increase in cash and bank balances	4,265,262
Cash and bank balances at beginning of the year	<u>832,745</u>
Cash and bank balances at end of the year	<u><u>5,098,007</u></u>

**GENERAL**

Shareholders should note that the above financial information pertains only to GCSA and not to the Company itself.

## **DIRECTORS**

At the date of this announcement, the executive directors of the Company are Dr. Lui Che Woo, Mr. Francis Lui Yiu Tung, Mr. Chan Kai Nang, Mr. Joseph Chee Ying Keung, Mr. William Lo Chi Chung and Ms. Paddy Tang Lui Wai Yu; the non-executive director of the Company is Mr. Moses Cheng Mo Chi; and the independent non-executive directors of the Company are Dr. Charles Cheung Wai Bun, Mr. James Ross Ancell and Dr. William Yip Shue Lam.

By Order of the Board of  
**Galaxy Entertainment Group Limited**  
**Kitty Chan Lai Kit**  
*Company Secretary*

Hong Kong, 26 April 2006

*Please also refer to the published version of this announcement in **South China Morning Post**.*