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STAR CRUISES GROUP ANNOUNCES THIRD QUARTER AND FIRST NINE MONTHS RESULTS FOR 2005

Key points for the quarter in comparison with 3Q 2004: -

- Capacity increased by 11.5% from 2.1 million to 2.3 million capacity days
- Net revenue increased by 15.7%
- Net revenue yield increased by 3.8%
- EBITDA was US$124.0 million, relatively unchanged from US$124.5 million
- Operating profit decreased by 1.7% from US$79.9 million to US$78.5 million
- Net profit decreased by 28.9% from US$46.4 million to US$33.0 million
- Ship operating expenses per capacity day were up by 12.8%, of which fuel price variance accounted for slightly above 40% of this increase
- Selling, general and administrative expenses (“SG&A”) per capacity day increased by 5.0%

Key points for the first nine months in comparison with the first nine months of 2004: -

- Capacity increased by 4.8% from 6.1 million to 6.4 million capacity days
- Net revenue increased by 12.0%
- Net revenue yield increased by 6.8%
- EBITDA before impairment loss was US$258.9 million, relatively unchanged from US$257.8 million
- Operating profit before impairment loss increased by 16.7% from US$115.4 million to US$134.7 million
- Net profit before impairment loss increased by 64.0% from US$28.2 million to US$46.3 million
- Ship operating expenses per capacity day were up by 13.1% of which fuel price variance accounted for nearly one third of this increase
- SG&A per capacity day increased by 4.0%

Star Cruises Group

For 3Q 2005, the Group recorded a net profit of US$33.0 million compared with a net profit of US$46.4 million in 3Q 2004.

The Group's net revenue for 3Q 2005 was 15.7% higher compared with 3Q 2004 due primarily to a 11.5% capacity increase and a 3.8% increase in net revenue yield. Capacity increase in 3Q 2005 was mainly because of the additions of *m.v. Pride of America* and *m.v. Norwegian Jewel*, which entered service in June 2005 and August 2005, respectively. The higher net revenue yield was attributable to an increase in cruise ticket prices and higher onboard spending. Occupancy was at 106.6% in 3Q 2005 versus 107.7% in 3Q 2004.

The 3Q 2005 ship operating expenses per capacity day were 12.8% higher compared with 3Q 2004. In 3Q 2005, ship operating expenses per capacity day were higher mainly due to an increase in fuel costs, higher crew expenses related to the U.S. flag ships and the start up costs for *m.v. Norwegian Jewel* and *m.v. SuperStar Libra*. Average fuel prices increased approximately 45% compared with 3Q 2004, with fuel costs reaching 16.3% of the ship operating expenses in 3Q 2005 compared with 12.7% of ship operating expenses in 3Q 2004.

SG&A expenses per capacity day in 3Q 2005 increased 5.0% compared with 3Q 2004 mainly due to marketing costs relating to the introduction of *m.v. Norwegian Jewel* and higher payroll costs for the Honolulu office. EBITDA per capacity day for 3Q 2005 were therefore 10.7% lower compared with 3Q 2004.

Depreciation and amortisation expenses per capacity day decreased 8.7% compared with 3Q 2004 mainly due to the impact of the cessation of amortisation of goodwill and trade names since beginning of 2005 following the adoption of new accounting standards effective 1 January 2005.

Interest expense, net of interest income and capitalised interest increased 22.3% in 3Q 2005 compared with 3Q 2004 driven by both higher average outstanding debts and interest rates.

Net profit for the first nine months of 2005 was US$43.6 million compared to a net profit of US$28.2 million for the first nine months of 2004.

Net revenue for the first nine months of 2005 increased 12.0% compared with the first nine months of 2004 driven by both a 6.8% increase in net revenue yield and a 4.8% capacity increase. Occupancy level was at 104.9% in the first nine months of 2005 versus 103.7% in the first nine months of 2004. Higher cruise ticket prices and onboard revenue were the factors of the increase in net revenue yield. Capacity increase in the first nine months of 2005 was mainly a result of the additions of *m.v. Pride of America* and *m.v. Norwegian Jewel*.

In the first nine months of 2005, ship operating expenses per capacity day increased 13.1% compared with the first nine months of 2004. The start up costs for *m.v. Norwegian Jewel* and *m.v. Pride of America*, higher crew expenses and fuel costs were the primary factors of the increase in these ship operating expenses. The higher crew expenses were mainly relating to the U.S. crew used for Hawaii itineraries which began operations in June 2004. Average fuel prices in the first nine months of 2005 increased approximately 36% compared with the first nine months of 2004. Fuel costs were at 15.5% of ship operating expenses in the first nine months of 2005 compared with 13.2% in the first nine months of 2004.

SG&A expenses per capacity day were 4.0% higher for the first nine months of 2005 compared to the first nine months of 2004 mainly due to marketing expenses relating to the introduction of *m.v. Norwegian Jewel* and *m.v. Pride of America* and higher payroll costs for the Honolulu office.

EBITDA before impairment loss per capacity day in the first nine months of 2005 was 4.2% lower compared with the first nine months of 2004. An impairment loss of US$2.7 million was recorded in the first nine months of 2005 on the disposal of a catamaran.

Depreciation and amortisation expenses per capacity day decreased 12.9% compared with the first nine months of 2004 due to the impact of cessation of amortisation of goodwill and trade names since beginning of 2005 for the reason mentioned above.

Interest expense, net of interest income and capitalised interest increased 33.7% in the first nine months of 2005 compared with the first nine months of 2004 driven primarily by higher interest rates, including the US$250 million Senior Notes issued in July 2004.

Non-operating income for the first nine months of 2005 was US$15.4 million compared with US$10.7 million of non-operating expense in the first nine months of 2004. The non-operating income in the first nine months of 2005 was mainly the translation gain on Euro denominated debts which was partially offset by the Group's share of losses in Valuair Limited ("Valuair").

In July 2005, the Group discontinued using the equity method to account for the results of Valuair following the merger of Valuair with Jetstar Asia Airways Pte. Ltd. ("Jetstar"), an affiliated company of Qantas Airways. The merger has resulted in the Group exchanging its investment in Valuair to an investment in Orangestar Investment Holdings Pte. Ltd. ("Orangestar"), the holding company of Valuair and Jetstar. The investment in Orangestar has been classified as available-for-sale investment.

Star Cruises (excluding NCL)

The 3Q 2005 capacity was 5.0% higher compared with 3Q 2004 because of the addition of *m.v. Norwegian Sea* (renamed *m.v. SuperStar Libra*) which commenced operation in September 2005. Net revenue yield in 3Q 2005 was 5.5% lower compared with 3Q 2004. Occupancy level for 3Q 2005 was at 96.5% versus 102.2% in 3Q 2004. Lower than average occupancy for the relocation of *m.v. SuperStar Libra* from Singapore to India and the showcasing of the vessel in Mumbai contributed to the decrease in net revenue yield and occupancy in 3Q 2005. In addition, the higher occurrence of typhoons in Taiwan and Hong Kong also negatively impacted the net revenue yield and occupancy in 3Q 2005.

Ship operating expenses per capacity day increased 12.7% in 3Q 2005 compared with 3Q 2004 primarily due to higher fuel costs and start up expenses for *m.v. SuperStar Libra*. Average fuel prices increased approximately 50% and this accounts for nearly 60% of the 12.7% increase in 3Q 2005.

SG&A expenses per capacity day decreased 2.7% in 3Q 2005 compared with 3Q 2004 as a result of economies of scale achieved in connection with the introduction of *m.v. SuperStar Libra* to the Star Cruises' fleet in September 2005.

For the first nine months of 2005, capacity was 18.3% lower compared with the first nine months of 2004 because of the disposals of two less cost efficient ships *m.v. SuperStar Capricorn* and *m.v. SuperStar Aries* and the transfer of *m.v. SuperStar Leo* (renamed *m.v Norwegian Spirit*) to the NCL Group in the first half of 2004, partially offset by the addition of *m.v. SuperStar Libra.*

Net revenue yield was 7.8% higher compared with the first nine months of 2004. The higher onboard spending was the main contributor to the increase in net revenue yield in the first nine months of 2005. Occupancy level was at 96.3% in the first nine months of 2005 versus 94.5% in the first nine months of 2004.

Ship operating expenses per capacity day increased 11.8% compared with the first nine months of 2004 mainly due to higher payroll and related expenses, increased fuel costs and start up costs for *m.v. SuperStar Libra*. Average fuel prices increased about 40% to account for approximately 40% of the 11.8% increase in the first nine months of 2005. SG&A expenses per capacity day in the first nine months of 2005 increased 18.0% compared with the first nine months of 2004 as a result of the negative scale of economy impact of the capacity reduction.

<u>NCL Group</u>

The 3Q 2005 capacity increased 13.0% compared with 3Q 2004 due to the additions of *m.v. Pride of America* and *m.v. Norwegian Jewel*, which entered service in June 2005 and August 2005, respectively. This increase in capacity was partially offset by the return of *m.v. Norwegian Sea* to Star Cruises upon expiration of the charter agreement in August 2005.

Net revenue yield increased 6.5% in 3Q 2005 compared with 3Q 2004. This increase was primarily attributable to increases in cruise ticket prices, higher onboard revenues and NCL Group's acquisition of Polynesian Adventure Tours, a tour bus operator in Hawaii, in November 2004.

Ship operating expenses per capacity day increased 11.0% in 3Q 2005 compared with 3Q 2004. The increase in these costs was due to higher payroll and related expenses and increased fuel costs partially offset by other operating efficiencies. The growth in payroll and related expenses was primarily attributable to increased payroll costs associated with U.S. crew used for inter-island cruises in Hawaii. During the quarter, average fuel prices increased 44%. The increase in payroll and related expenses and fuel costs accounted for 6.4 and 5.1 percentage points, respectively, of the increase in ship operating expenses.

SG&A expenses per capacity day increased 6.3% in 3Q 2005 compared with 3Q 2004. This increase was primarily the result of shoreside expenses for NCL Group's Honolulu office, marketing costs related to NCL America and the introduction of *m.v. Norwegian Jewel* in August 2005, and the addition of Polynesian Adventure Tours in November 2004.

For the first nine months of 2005, capacity increased 11.8% compared with the first nine months of 2004. The increase in capacity was attributable to the additions of *m.v. Norwegian Spirit*, *m.v. Pride of America* and *m.v. Norwegian Jewel* which entered service in May 2004, June 2005 and August 2005, respectively, partially offset by the return of *m.v. Norwegian Sea* to Star Cruises in August 2005.

Net revenue yield increased 7.8% compared to the first nine months of 2004. This increase was primarily attributable to increases in cruise ticket prices, higher onboard revenues and NCL Group's acquisition of Polynesian Adventure Tours in November 2004.

Ship operating expenses per capacity day increased 9.3% compared with the first nine months of 2004. The increase in these costs was due to higher payroll and related expenses and increased fuel costs partially offset by other operating efficiencies. The growth in payroll and related expenses was mostly attributable to increased crew costs associated with U.S. crew used for inter-island cruises in Hawaii. During the first nine months of 2005, average fuel prices increased 36%. The increase in payroll and related expenses and fuel costs accounted for 6.8 and 4.1 percentage points, respectively, of the increase in ship operating expenses.

SG&A expenses per capacity day in the first nine months of 2005 decreased 0.3% compared with the first nine months of 2004. The slight decrease in SG&A expenses per capacity day was a result of the economies of scale gained as a result of the increase in capacity offset by an increase in SG&A expenses primarily associated with increased shoreside expenses for NCL Group's Honolulu office, marketing costs related to NCL America and the introduction of *m.v. Norwegian Jewel* in August 2005, and the addition of Polynesian Adventure Tours in November 2004.

Terminology

- *Net revenue yield represents net revenue per capacity day after deducting such costs as commissions, air ticket costs and other direct costs.*
- *Ship operating expenses represent operating expenses excluding such costs as commissions, air ticket costs and other direct costs.*
- *EBITDA represents earnings before interest, taxation, depreciation and amortisation and excluding non-recurring income or expenses.*

ABOUT STAR CRUISES GROUP

Star Cruises, the third largest cruise operator in the world, is a global cruise brand with a combined fleet of 22 ships in service and due to be delivered, with about 35,000 lower berths, cruising to more than 200 destinations and islands in Asia-Pacific, North and South America, Hawaii, Caribbean, Alaska, Europe, Mediterranean, Bermuda and the Antarctica under the Star Cruises, Norwegian Cruise Line, NCL America, Orient Lines and Cruise Ferries brands.

Star Cruises is represented in more than 20 locations worldwide with offices in Australia, China, Germany, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Sweden, Taiwan, Thailand, United Arab Emirates, United Kingdom and the United States of America.

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Forward-looking statements

This press release contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of Star Cruises Limited (the "Company") about the industry and markets in which the Company and its subsidiaries (the "Group") operate. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Group, are difficult to predict and could cause actual result to differ materially from those express or forecast in the forward-looking statements. Factors that could cause actual result to differ materially from those reflected in the forward-looking statements include general economic and business conditions, changes in cruise industry competition, weather and other factors. Reliance should not be placed on these forward-looking statements, which reflect the view of the Company's directors and management as of the date of this press release only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the release.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2005
PREPARED IN ACCORDANCE WITH HK GAAP

	Three months ended 30 September		Nine months ended 30 September	
	2005 US$'000	2004 US$'000	2005 US$'000	2004 US$'000
	unaudited	unaudited	unaudited	unaudited
Turnover	580,930	495,934	1,443,186	1,282,808
Operating expenses (excluding depreciation, amortisation and impairment loss) *(Note 1)*	(386,479)	(311,244)	(974,335)	(838,473)
Selling, general and administrative expenses (excluding depreciation)	(70,462)	(60,157)	(208,085)	(190,908)
Depreciation and amortisation *(Note 2)*	(45,473)	(44,667)	(126,103)	(138,062)
Impairment loss	-	-	(2,700)	-
	(502,414)	(416,068)	(1,311,223)	(1,167,443)
Operating profit	78,516	79,866	131,963	115,365
Interest income	2,487	735	6,699	2,010
Financial costs	(41,630)	(32,731)	(107,944)	(77,720)
Share of loss of an associated company	(3,268)	-	(5,219)	-
Other non-operating income / (expenses), net *(Note 3)*	(1,509)	(1,484)	20,623	(10,744)
	(43,920)	(33,480)	(85,841)	(86,454)
Profit before taxation	34,596	46,386	46,122	28,911
Taxation	(1,586)	36	(2,509)	(670)
Net profit for the period	33,010	46,422	43,613	28,241
Earnings per share in US cents:				
- Basic	0.62	0.88	0.82	0.53
- Fully diluted	0.62	0.81	0.82	0.49
Weighted average outstanding ordinary shares in thousands	5,297,496	5,293,202	5,295,656	5,293,181
Weighted average outstanding ordinary shares after assuming dilution in thousands	5,740,159	5,732,117	5,299,324	5,731,795
<u>Unaudited operating data</u>				
Passenger Cruise Days	2,477,527	2,242,544	6,697,578	6,317,867
Capacity Days	2,323,234	2,082,874	6,387,133	6,093,773
Occupancy as a percentage of total capacity days	107%	108%	105%	104%

Notes :

1) For the nine months ended 30 September 2005 and 2004, non-recurring income was US$1.8 million and non-recurring expenses were US$4.3 million respectively.

2) One of the accounting standards adopted since beginning of 2005 requires the Group to cease amortisation of its goodwill and trade names. Goodwill and trade names amortisation was US$4.1 million and US$12.3 million for the three months and nine months ended 30 September 2004 respectively.

3) Included US$0.9 million and US$21.8 million translation gain of Euro denominated debts and US$0.3 million and US$3.9 million gain on forward contracts, respectively, for the three months and nine months ended 30 September 2005. For the three months and nine months ended 30 September 2004, the translation loss of Euro denominated debts was US$1.0 million each and the losses on forward contracts were US$0.2 million and US$7.5 million respectively.

4) Certain comparative figures have been reclassified to conform to the current period's presentation.