Star Cruises Limited
(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT
RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2006

The Directors of Star Cruises Limited ("Company") announce the unaudited consolidated results of the Company and its subsidiary companies ("Group") for the three months and nine months ended 30 September 2006, together with the comparative figures for the previous periods as follows:

	Note	Three months ended 30 September		Nine months ended 30 September	
		2006 US$'000 unaudited	2005 US$'000 unaudited	2006 US$'000 unaudited	2005 US$'000 unaudited
Turnover	2	683,328	575,272	1,783,005	1,443,118
Operating expenses (excluding depreciation, amortisation and impairment loss)		(473,510)	(380,821)	(1,275,132)	(974,267)
Selling, general and administrative expenses (excluding depreciation)		(72,437)	(70,462)	(211,589)	(208,085)
Depreciation and amortisation		(54,635)	(45,473)	(158,952)	(126,103)
Impairment loss		-	-	-	(2,700)
		(600,582)	(496,756)	(1,645,673)	(1,311,155)
Operating profit	2	82,746	78,516	137,332	131,963
Interest income		1,404	2,487	5,211	6,699
Financial costs		(50,168)	(41,630)	(138,328)	(107,944)
Share of losses of associates		(9)	(3,268)	(738)	(5,219)
Other non-operating income / (expenses), net	3	26,041	(1,509)	(12,548)	20,623
		(22,732)	(43,920)	(146,403)	(85,841)
Profit / (Loss) before taxation		60,014	34,596	(9,071)	46,122
Taxation	4	352	(1,586)	438	(2,509)
Profit / (Loss) for the period		60,366	33,010	(8,633)	43,613
Basic earnings / (loss) per share (US cents)	5	1.14	0.62	(0.16)	0.82
Diluted earnings per share (US cents)	5	1.11	0.62	N/A*	0.82
<u>Operating data</u>					
Passenger Cruise Days		2,824,611	2,477,527	7,771,098	6,697,578
Capacity Days		2,735,356	2,323,234	7,613,725	6,387,133
Occupancy as a percentage of total capacity days		103%	107%	102%	105%

* Diluted loss per share for the nine months ended 30 September 2006 is not shown as the diluted loss per share is less than the basic loss per share.

CONSOLIDATED BALANCE SHEET

	As at	
		(Restated)
	30 September 2006	31 December 2005
	US$'000	US$'000
	unaudited	audited
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	605,994	605,994
Deferred tax assets	483	359
Property, plant and equipment	4,399,602	4,362,918
Lease prepayments	2,981	1,739
Available-for-sale investment	-	10,285
Restricted cash	150	150
Other assets	64,252	84,770
	5,073,462	5,066,215
CURRENT ASSETS		
Consumable inventories	34,741	33,630
Trade receivables	17,678	22,810
Prepaid expenses and others	54,547	47,959
Derivative financial instruments	577	4,533
Restricted cash	1,387	48,034
Cash and cash equivalents	164,223	187,698
	273,153	344,664
TOTAL ASSETS	5,346,615	5,410,879

CONSOLIDATED BALANCE SHEET (CONTINUED)

	As at	
		(Restated)
	30 September 2006	31 December 2005
	US$'000	US$'000
	unaudited	audited
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	530,030	530,018
Reserves:		
Share premium	1,269,110	1,269,089
Additional paid-in capital	93,893	93,893
Convertible bonds - equity component	14,400	14,400
Foreign currency translation adjustments	(21,648)	(24,052)
Unamortised share option expense	(502)	(1,087)
Cash flow hedge reserve	(2,167)	5,368
Retained earnings	3,619	12,252
	1,886,735	1,899,881
LIABILITIES		
NON-CURRENT LIABILITIES		
Long-term borrowings	2,541,230	2,671,129
Derivative financial instruments	2,210	7,240
Other long-term liabilities	2,157	2,631
Deferred tax liabilities	394	574
	2,545,991	2,681,574
CURRENT LIABILITIES		
Trade creditors	77,654	90,815
Current income tax liabilities	375	1,647
Provisions, accruals and other liabilities	210,399	189,998
Current portion of long-term borrowings	280,673	256,442
Derivative financial instruments	2,253	354
Amounts due to related companies	70	118
Advance ticket sales	342,465	290,050
	913,889	829,424
TOTAL LIABILITIES	3,459,880	3,510,998
TOTAL EQUITY AND LIABILITIES	5,346,615	5,410,879

NOTES TO THE ACCOUNTS

1. Principal Accounting Policies and Basis of Presentation

The unaudited results of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The unaudited results are prepared under the historical cost convention, as modified by the revaluations of available-for-sale financial assets and certain financial assets and financial liabilities (including derivative instruments) which are carried at fair value.

The Group’s operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire financial year. These unaudited results should be read where relevant, in conjunction with the annual report of the Group for the year ended 31 December 2005.

Where necessary, certain comparative figures have been reclassified to conform to the current period’s presentation.

During the three months ended 30 June 2006, the Group changed its accounting policy for technical spare parts whereby the technical spare parts are now classified as property, plant and equipment and depreciated over the remaining useful lives of the related vessels. The technical spare parts were previously included within consumable inventories and other assets.

The effects of the change in accounting policy have been accounted for retrospectively as follows:

	As previously reported	Effect of change in accounting policy	As restated
	US$’000	US$’000	US$’000
Group			
At 31 December 2005			
Property, plant and equipment	4,341,443	21,475	4,362,918
Other assets	101,543	(16,773)	84,770
Consumable inventories	38,332	(4,702)	33,630

This change in accounting policy does not have a material impact on the results of the Group in respect of the current and prior periods.

2. Turnover and Operating Profit

The Group is principally engaged in the operation of passenger cruise ships. Cruise and cruise related revenues comprise sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from onboard services and other related services, including gaming, food and beverage. Cruise and cruise related revenues consist of passenger ticket revenue of approximately US$463.2 million and US$383.6 million for the three months ended 30 September 2006 and 2005, respectively and approximately US$1,184.4 million and US$942.3 million for the nine months ended 30 September 2006 and 2005, respectively. The remaining portion relates to revenues from onboard and other related services.

The Group's turnover and operating profit in its principal markets of North America and Asia Pacific are analysed as follows:

	TURNOVER			
	Three months ended 30 September		Nine months ended 30 September	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	97,442	92,042	291,391	257,786
North America[1]	501,302	439,173	1,305,421	1,078,358
Others	84,584	44,057	186,193	106,974
	683,328	575,272	1,783,005	1,443,118

	OPERATING PROFIT			
	Three months ended 30 September		Nine months ended 30 September	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
	unaudited	unaudited	unaudited	unaudited
Asia Pacific[2]	23,950	20,222	54,631	53,373
North America[1]	57,850	52,923	81,495	71,135
Others	946	5,371	1,206	7,455
	82,746	78,516	137,332	131,963

Notes:

1. Substantially, all the turnover and operating profit arises in the United States of America.

2. Included in the operating profit of Asia Pacific for the nine months ended 30 September 2005 was an impairment loss of US$2.7 million.

3. Other Non-operating Income / (Expenses), Net

	Three months ended 30 September		Nine months ended 30 September	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
	unaudited	unaudited	unaudited	unaudited
Gain / (Loss) on disposal of property, plant and equipment	16,690	(137)	16,708	(114)
Gain / (Loss) on derivative instruments	(162)	249	(2,462)	3,858
Loss on foreign exchange	(835)	(179)	(1,807)	(2,394)
Gain / (Loss) on translation of debts	3,530	910	(21,338)	21,843
Impairment of non-cruise related investment	-	-	(10,285)	-
Ship yard compensation income (see note below)	7,283	-	7,283	-
Other non-operating expenses, net	(465)	(2,352)	(647)	(2,570)
	26,041	(1,509)	(12,548)	20,623

Note:
In September 2006, NCL Corporation Ltd. ("NCLC") entered into a settlement agreement in connection with NCLC's claims against the builder of m.v. Pride of America for €29 million or US$36.8 million, based on the Euro/U.S. dollar exchange rate at 30 September 2006.

4. Taxation

	Three months ended 30 September		Nine months ended 30 September	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
	unaudited	unaudited	unaudited	unaudited
Overseas taxation				
- Current taxation	165	1,870	968	2,587
- Deferred taxation	676	-	(224)	-
	841	1,870	744	2,587
Under / (Over) provision in respect of prior years				
- Current taxation	(1,193)	(284)	(1,125)	(235)
- Deferred taxation	-	-	(57)	157
	(352)	1,586	(438)	2,509

The Company, which is domiciled in Bermuda, and the majority of its subsidiaries, are not subject to income tax as their income is mainly derived in international waters or outside taxing jurisdictions. However, the Group has incurred a tax charge, as illustrated in the table above, based on the income which is subject to local tax in certain of the jurisdictions where it operates. The appropriate local tax rate has been applied, in such circumstances, to determine the applicable tax charge.

5. Earnings / (Loss) per share

Basic
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Earnings / (Loss) per share has been calculated as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
	unaudited	unaudited	unaudited	unaudited
BASIC				
Profit / (Loss) for the period	60,366	33,010	(8,633)	43,613
Weighted average outstanding ordinary shares in thousands	5,300,302	5,297,496	5,300,261	5,295,656
Basic earnings / (loss) per share in US cents	1.14	0.62	(0.16)	0.82

Diluted
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the interest expense. For the share options, certain shares under option had an effect on the adjusted weighted average number of shares in issue as the average option price was lower than the average market price.

	Three months ended 30 September		Nine months ended 30 September	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
	unaudited	unaudited	unaudited	unaudited
DILUTED				
Profit / (Loss) for the period	60,366	33,010	(8,633)	43,613
Interest expense on convertible bonds	3,464	2,498	-	-
Profit used to determined diluted earnings per share	63,830	35,508	(8,633)	43,613
Weighted average outstanding ordinary shares in thousands	5,300,302	5,297,496	5,300,261	5,295,656
Effect of dilutive ordinary shares in thousands:				
- Share options	-	4,380	30	3,668
- Convertible bonds (note 2)	438,283	438,283	-	-
Weighted average outstanding ordinary shares after assuming dilution in thousands	5,738,585	5,740,159	5,300,291	5,299,324
Diluted earnings per share in US cents	1.11	0.62	N/A (note 1)	0.82

Notes:
1. Diluted loss per share for the nine months ended 30 September 2006 is not shown as the diluted loss per share is less than the basic loss per share.
2. The computation of diluted earnings per share for the nine months ended 30 September 2006 and 2005 did not assume the conversion of the Company's convertible bonds since the conversion would increase the earnings per share, after taking into account the effect of imputed interest expense incurred.

INTERIM DIVIDEND

The Directors do not recommend the declaration of any interim dividend in respect of the nine months ended 30 September 2006.

BUSINESS REVIEW

Key points for the quarter in comparison with 3Q 2005: -

- Capacity increased by 17.7% from 2.3 million to 2.7 million capacity days
- Net revenue increased by 13.1%; net revenue yield decreased by 3.9%
- Operating profit increased by 5.4% from US$78.5 million to US$82.7 million
- Non-cash foreign currency debts translation gain was US$3.5 million versus US$0.9 million
- Gain on disposal of a ship and a ship yard compensation income amounted to US$16.7 million and US$7.3 million respectively
- Net profit increased by 82.9% from US$33.0 million to US$60.4 million
- Ship operating expenses per capacity day were down by 0.4%. Ship operating expenses excluding fuel costs per capacity day were down by 2.6%
- Selling, general and administrative expenses ("SG&A") per capacity day decreased by 12.7%

Key points for the first nine months in comparison with the first nine months of 2005: -

- Capacity increased by 19.2% from 6.4 million to 7.6 million capacity days
- Net revenue increased by 17.9%; net revenue yield decreased by 1.1%
- Operating profit increased by 4.1% from US$132.0 million to US$137.3 million
- Non-cash foreign currency debts translation loss was US$21.3 million, versus a non-cash foreign currency debts translation gain of US$21.8 million
- Gain on disposal of a ship and a ship yard compensation income amounted to US$16.7 million and US$7.3 million respectively, partially offset by a write down of non-cruise investment in a low cost carrier of US$10.3 million
- Net loss was US$8.6 million, versus a net profit of US$43.6 million
- Ship operating expenses per capacity day were up by 4.8%, of which fuel costs accounted for 4.3 percentage points of this increase
- SG&A per capacity day decreased by 14.7%

Star Cruises Group

For 3Q 2006, the Group recorded a net profit of US$60.4 million compared with a net profit of US$33.0 million in 3Q 2005. Included in the 3Q 2006 results were a gain on the disposal of m.v. Norwegian Crown of US$16.7 million and a ship yard compensation income of US$7.3 million respectively.

Net revenue for 3Q 2006 increased 13.1% from 3Q 2005 primarily due to a 17.7% capacity increase which was partially offset by the lower net revenue yield and occupancy level of 3.9% and 3.3 percentage points respectively. The capacity increase in 3Q 2006 was mainly due to the addition of m.v. Norwegian Jewel and m.v. Pride of Hawaii, which entered service in August 2005 and June 2006, respectively. The Asian net revenue yield was lower largely due to the inaugural Eastern Mediterranean season whilst the NCL Group net revenue yield remained relatively flat. The overall Group occupancy was at 103.3% in 3Q 2006 compared with 106.6% in 3Q 2005.

BUSINESS REVIEW (CONTINUED)

The 3Q 2006 ship operating expenses excluding fuel costs per capacity day decreased 2.6% compared to 3Q 2005 which largely came from Star Asia operations. Average fuel prices in 3Q 2006 increased approximately 18% from 3Q 2005. Fuel costs accounted for approximately 18% of ship operating expenses in 3Q 2006 compared with 16% in 3Q 2005.

With the increase in capacity, SG&A expenses per capacity day continued to decrease year-over-year. SG&A expenses per capacity day in 3Q 2006 were 12.7% lower compared with 3Q 2005 primarily as a result of a decrease in advertising and promotional expenses and the abovementioned increase in capacity.

Depreciation and amortisation expenses per capacity day in 3Q 2006 increased by 2.1% compared with 3Q 2005 primarily due to depreciation expenses of m.v. Norwegian Jewel and m.v. Pride of Hawaii.

Interest expense, net of interest income and capitalised interest, increased 24.6% in 3Q 2006 compared with 3Q 2005 as a result of higher average outstanding debts and interest rates.

For the first nine months of 2006, the Group recorded a net loss of US$8.6 million compared with a net profit of US$43.6 million in the first nine months of 2005. Included in the results of the first nine months of 2006, were a net other income of US$13.7 million which consists of a gain on disposal of m.v. Norwegian Crown of US$16.7 million, a ship yard compensation income of US$7.3 million and a write down of non-cruise investment in a low cost carrier of US$10.3 million. An impairment loss of US$2.7 million was recorded in the first nine months of 2005.

In addition, in the first nine months of 2006, non-cash foreign currency debts translation loss was US$21.3 million compared to a non-cash foreign currency debts translation gain of US$21.8 million in the first nine months of 2005.

Excluding the non-cash items; 1) foreign currency debts translation gains and losses, 2) write down of non-cruise investment and 3) the impairment loss, the Group would have recorded a net profit of US$23.0 million in the first nine months of 2006 compared with net profit of US$24.5 million in the first nine months of 2005 despite higher fuel prices and interest costs.

Net revenue for the first nine months of 2006 increased 17.9% compared with the first nine months of 2005 primarily due to a 19.2% capacity increase which was partially offset by the lower net revenue yield and occupancy level of 1.1% and 2.8 percentage points respectively. The capacity increase in the first nine months of 2006 was mainly due to the addition of m.v. Pride of America, m.v. Norwegian Jewel and m.v. Pride of Hawaii, which entered service in June 2005, August 2005 and June 2006, respectively. Occupancy level was at 102.1% in the first nine months of 2006 versus 104.9% in the first nine months of 2005. The lower net revenue yield was mainly a result of the lower than average occupancy of the m.v. SuperStar Libra in both her first inaugural seasons in India and Eastern Mediterranean. Net revenue yield for NCL Group increased by 3.3% in the first nine months of 2006 compared with the same period of 2005.

On a per capacity day basis, the ship operating expenses excluding fuel costs were 0.6% higher in the first nine months of 2006 compared with the first nine months of 2005. Average fuel prices in the first nine months of 2006 increased approximately 32% from the first nine months of 2005. Fuel costs accounted for approximately 19% of ship operating expenses in the first nine months of 2006 compared with 16% in the first nine months of 2005.

SG&A expenses per capacity day for the first nine months of 2006 decreased by 14.7% compared with the first nine months of 2005 primarily as a result of a decrease in advertising and promotional expenses and the abovementioned increase in capacity.

Depreciation and amortisation expenses per capacity day in the first nine months of 2006 increased by 5.7% compared with the first nine months of 2005 primarily due to depreciation expenses of m.v. Pride of America, m.v. Norwegian Jewel and m.v. Pride of Hawaii as well as higher drydocking expenses.

Interest expense, net of interest income and capitalised interest, increased 31.5% in the first nine months of 2006 compared with the first nine months of 2005 as a result of higher average outstanding debts and interest rates.

Last week, the Company announced a US$200 million Rights Issue offering and accepted a US$750 million fully underwritten offer from a syndicate of banks for a new secured term loan and revolving credit facility. The Company intends to use the net proceeds of these exercises for the acquisition or construction of vessels, to refinance certain of its existing loans and for working capital purposes.

BUSINESS REVIEW (CONTINUED)

Star Cruises (excluding NCL Group)

The 3Q 2006 capacity was 30.1% higher compared with 3Q 2005 because of the addition of m.v. SuperStar Libra which commenced operation in September 2005. Net revenue was 3.4% higher as a result of the higher capacity which was partially offset by a 19.9% lower net revenue yield. Overall occupancy level for 3Q 2006 was down to 83.7% from 96.5% in 3Q 2005. The lower than average occupancy of m.v. SuperStar Libra in her first inaugural season in Eastern Mediterranean contributed to the lower net revenue yield in 3Q 2006.

Ship operating expenses per capacity day in 3Q 2006 decreased 15.4% compared with 3Q 2005. This decrease was mainly due to the start up expenses of m.v. SuperStar Libra as well as the lay up expenses of s/s Norway in 3Q 2005, partially offset by the charter fee paid for m.v. Norwegian Crown and higher fuel costs in 3Q 2006. Average fuel prices increased approximately 10% in 3Q 2006 compared with 3Q 2005.

SG&A expenses per capacity day decreased 14.1% compared with 3Q 2005 as a result of the abovementioned increased capacity.

For the first nine months of 2006, capacity was 31.1% higher compared with the first nine months of 2005 because of the addition of m.v. SuperStar Libra which commenced operation in September 2005. Net revenue was 6.2% higher as a result of the higher capacity which was partially offset by a 17.8% lower net revenue yield. The lower net revenue yield in the first nine month of 2006 was mainly a result of the lower than average occupancy of m.v. SuperStar Libra in both her first inaugural seasons in India and Eastern Mediterranean. Occupancy level in the first nine months of 2006 was down to 82.3% from 96.3% in the first nine months of 2005.

Ship operating expenses per capacity day for the first nine months of 2006 decreased 8.6% compared with the first nine months of 2005. This decrease was mainly due to the on-going cost saving initiatives, the start up expenses of m.v. SuperStar Libra as well as the lay up expenses of s/s Norway in the first nine months of 2005. Partially offsetting these were the charter fee paid for m.v. Norwegian Crown and higher fuel costs in the first nine months of 2006. Average fuel prices increased approximately 33% in the first nine months of 2006 compared with the first nine months of 2005.

SG&A expenses per capacity day decreased 19.4% compared with the first nine months of 2005 as a result of the abovementioned increased capacity.

NCL Group

During 2Q 2006, NCL Group, reporting under US GAAP, changed its method of accounting for dry-docking costs from the deferral method under which it amortised its deferred dry-docking costs over the estimated period of benefit between dry-docks, to the direct expense method, under which it is required to expense all dry-docking costs as incurred. These costs are classified as other operating expenses consistent with the method of expensing repairs and maintenance costs. Under HK GAAP, the dry-docking costs are included as a separate component of the ship costs to be amortised to the subsequent dry-docking generally every 2 to 3 years in the depreciation and amortisation.

The below commentary is prepared based on NCL Group's US GAAP financial statements.

Net revenue for 3Q 2006 was 15.1% higher driven by a 15.2% increase in capacity partially offset by 0.1% decrease in net revenue yield. The increase in capacity days was primarily attributable to the addition of m.v. Norwegian Jewel and m.v. Pride of Hawaii, which entered service in August 2005 and June 2006, respectively, partially offset by the return of m.v. Norwegian Sea (renamed to m.v. SuperStar Libra) to Star Cruises upon expiration of its charter agreement in August 2005. Occupancy level for 3Q 2006 was 107.8% compared to 108.7% in 3Q 2005.

In 3Q 2006, ship operating expenses per capacity day increased 2.1% compared with 3Q 2005. The increase is primarily attributable to increases in payroll and related expenses and fuel costs partially offset by other operating efficiencies. Increases in payroll and related expenses and fuel costs accounted for 2.7 and 2.2 percentage points of the increase in ship operating expenses per capacity day, respectively. Average fuel prices increased approximately 20% in 3Q 2006 compared with 3Q 2005.

SG&A expenses per capacity day decreased 10.9% compared with 3Q 2005 primarily as a result of a decrease in advertising and promotional expenses and the abovementioned increase in capacity.

BUSINESS REVIEW (CONTINUED)

For the first nine months of 2006, net revenue was 20.5% higher on a 16.6% capacity increase and 3.3% increase in net revenue yield. Capacity was higher in the first nine months of 2006 mainly due to the addition of m.v. Pride of America, m.v. Norwegian Jewel and m.v. Pride of Hawaii, which entered service in June 2005, August 2005 and June 2006, respectively, partially offset by the return of m.v. Norwegian Sea to Star Cruises. The increase in net revenue yield was primarily attributable to increased passenger ticket revenues and increased onboard spending. Occupancy levels increased to 107.0% from 106.7%.

Ship operating expenses per capacity day increased 7.0% compared with first nine months of 2005 mainly due to increases in payroll and related expenses and fuel costs, which accounted for 4.4 and 4.1 percentage points of the increase in ship operating expenses per capacity day, respectively. This increase was partially offset by other operating efficiencies. Average fuel prices increased approximately 32% in the first nine months of 2006 compared with the same period of 2005.

SG&A expenses per capacity day decreased 11.9% compared with the first nine months of 2005 primarily as a result of a decrease in advertising and promotional expenses and the abovementioned increase in capacity.

Prospects

m.v. SuperStar Libra is now in India for her second season. The market response to her amended itineraries is encouraging; as a result, the bookings are considerably higher than at the same time last year.

Bookings continue to be closer to the sailing date than at the same time last year. Through the first quarter of 2007, NCL Group continues to see downward pressure on pricing, especially in Hawaii and the Caribbean. As a result, for the fourth quarter of 2006, NCL Group expects net yield to be down approximately 1% compared to the fourth quarter of 2005.

Other than as disclosed above, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its result and financial position published in the annual report for the year ended 31 December 2005 and the interim reports for the three months ended 31 March 2006 and the three months and six months ended 30 June 2006.

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.*
- *Capacity Days represent double occupancy per cabin multiplied by the number of cruise days for the period.*
- *Passenger Cruise Days represent the number of passengers carried for the period, multiplied by the number of days in their respective cruises.*
- *Occupancy Percentage, in accordance with cruise industry practice, represents the ratio of Passenger Cruise Days to Capacity Days. A percentage in excess of 100% indicates that three or more passengers occupied some cabins.*

SIGNIFICANT SUBSEQUENT EVENTS

(a) On 8 November 2006, the Company announced a rights issue proposal of not less than 1,484,084,467 right shares of US$0.10 each in the proportion of 7 rights shares for every 25 shares held on 24 November 2006 at HK$1.08 (US$0.1388) per rights share payable in full on acceptance. The net proceeds will be used for part funding for the acquisition or construction of vessels in line with the Group's strategy to upgrade its fleet, as general working capital and/or for general corporate purposes.

(b) On 9 November 2006, the Company accepted a fully underwritten offer from a syndicate of banks for a secured term loan and revolving credit facility totalling US$750 million to refinance certain of its existing loans, for further equity injection to NCLC and as general working capital and/or for general corporate purposes.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the nine months ended 30 September 2006, save for the issue of 124,421 new ordinary shares of US$0.10 each at an aggregate price of US$33,419 pursuant to the exercise of options granted under the Pre-listing Employee Share Option Scheme.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules during the nine months ended 30 September 2006, save for the deviations from certain code provisions listed below:

(1) Code Provision A.2.1: the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual;

(2) Code Provision A.4.1: Non-executive Directors should be appointed for a specific term, subject to re-election; and

(3) Code Provision A.4.2: all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Considered reasons for the deviation from Code Provision A.2.1 were set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2005 issued in February 2006. With respect to Code Provisions A.4.1 and A.4.2, appropriate measures had been taken by the Company during the first half year of 2006 to ensure proper compliance. Details of the measures taken were given in the interim report of the Company for the three months ended 31 March 2006 issued in May 2006.

REVIEW BY AUDIT COMMITTEE

These interim results have been reviewed by the Audit Committee established in compliance with Rule 3.21 of the Listing Rules and the relevant provisions of the CG Code. The Audit Committee comprises the three Independent Non-executive Directors of the Company, namely, Mr. Alan Howard Smith, J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises four Executive Directors, namely Tan Sri Lim Kok Thay, Mr. Chong Chee Tut, Mr. William Ng Ko Seng and Mr. David Colin Sinclair Veitch and three Independent Non-executive Directors, namely Mr. Alan Howard Smith, J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng.

On behalf of the Board

TAN SRI LIM KOK THAY
Chairman, President and Chief Executive Officer
Hong Kong, 13 November 2006

Forward-looking statements
This announcement 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 the Company about the industry and markets in which the Group operates. 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 results to differ materially from those expressed or forecasted in the forward-looking statements. Factors that could cause actual results 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 announcement only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the release of this announcement.