



STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT RESULTS FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2007

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 six months ended 30 June 2007, together with the comparative figures for the previous periods as follows:

	Note	Three months ended 30 June		Six months ended 30 June	
		2007 US\$'000 unaudited	2006 US\$'000 unaudited	2007 US\$'000 unaudited	2006 US\$'000 unaudited
Turnover	2	657,038	593,760	1,221,919	1,107,400
Operating expenses (excluding depreciation, amortisation and impairment loss)		(466,765)	(432,560)	(902,796)	(809,345)
Selling, general and administrative expenses (excluding depreciation)		(81,202)	(68,666)	(161,661)	(139,152)
Depreciation and amortisation		(61,209)	(53,063)	(119,713)	(104,317)
Impairment loss		(5,165)	-	(5,165)	-
		<u>(614,341)</u>	<u>(554,289)</u>	<u>(1,189,335)</u>	<u>(1,052,814)</u>
Operating profit	2	42,697	39,471	32,584	54,586
Interest income		1,372	2,052	2,805	3,807
Financial costs		(58,354)	(41,797)	(114,230)	(88,160)
Share of losses of associates		(676)	(75)	(905)	(729)
Other non-operating income / (expenses), net	3	39,710	(33,141)	26,970	(38,589)
		<u>(17,948)</u>	<u>(72,961)</u>	<u>(85,360)</u>	<u>(123,671)</u>
Profit / (Loss) before taxation		24,749	(33,490)	(52,776)	(69,085)
Taxation	4	(1,360)	(456)	(3,226)	86
Profit / (Loss) for the period and attributable to equity holders of the Company		<u>23,389</u>	<u>(33,946)</u>	<u>(56,002)</u>	<u>(68,999)</u>

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2007	2006	2007	2006
		US\$'000	US\$'000	US\$'000	US\$'000
		unaudited	unaudited	unaudited	unaudited
Basic earnings / (loss) per share (US cents)	5	0.32	(0.60) (note 2)	(0.79)	(1.22) (note 2)
Diluted earnings / (loss) per share (US cents)	5	0.32	(0.60) (note 2)	N/A (note 1)	N/A (note 1)
<u>Operating data</u>					
Passenger Cruise Days		2,890,433	2,562,651	5,684,994	4,944,069
Capacity Days		2,757,251	2,478,588	5,576,623	4,878,369
Occupancy as a percentage of total capacity days		105%	103%	102%	101%

Notes:

1. Diluted loss per share for the six months ended 30 June 2007 and 2006 are not shown as the diluted loss per share is less than the basic loss per share.
2. The weighted average outstanding ordinary shares and basic and diluted loss per share for the three months and six months ended 30 June 2006 have been adjusted to reflect the effects of December 2006 rights issue.

CONSOLIDATED BALANCE SHEET

	Note	As at	
		30 June 2007	31 December 2006
		US\$'000 unaudited	US\$'000 audited
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		590,994	598,994
Deferred tax assets		14	573
Property, plant and equipment		4,752,835	4,863,047
Lease prepayments		289,528	2,259
Investments in associates		-	5,860
Restricted cash		1,682	1,650
Other assets		63,894	68,284
		5,698,947	5,540,667
CURRENT ASSETS			
Consumable inventories		41,725	38,451
Trade receivables	6	17,910	21,408
Prepaid expenses and others		58,785	68,997
Derivative financial instruments		1,328	-
Amounts due from related companies		-	99
Restricted cash		1,712	1,226
Cash and cash equivalents		156,363	468,827
		277,823	599,008
Non-current assets classified as held for sale		94,722	-
TOTAL ASSETS		6,071,492	6,139,675

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	As at	
		30 June 2007	31 December 2006
		US\$'000 unaudited	US\$'000 audited
EQUITY			
Capital and reserves attributable to the			
Company's equity holders			
Share capital		720,475	678,439
Reserves:			
Share premium		1,429,828	1,324,829
Additional paid-in capital		94,513	94,513
Convertible bonds - equity component		10,128	14,400
Foreign currency translation adjustments		(22,455)	(22,522)
Unamortised share option expense		(566)	(818)
Cash flow hedge reserve		1,675	(1,598)
Accumulated losses		(199,946)	(143,944)
		<u>2,033,652</u>	<u>1,943,299</u>
Minority interest		66,860	-
		<u>2,100,512</u>	<u>1,943,299</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowings		2,959,660	3,184,399
Derivative financial instruments		822	1,729
Other long-term liabilities		4,454	1,744
Deferred tax liabilities		121	295
		<u>2,965,057</u>	<u>3,188,167</u>
CURRENT LIABILITIES			
Trade creditors	7	88,724	139,274
Current income tax liabilities		560	1,069
Provisions, accruals and other liabilities		283,289	324,135
Current portion of long-term borrowings		218,557	218,804
Derivative financial instruments		1,147	2,985
Amounts due to related companies		180	-
Advance ticket sales		413,466	321,942
		<u>1,005,923</u>	<u>1,008,209</u>
TOTAL LIABILITIES		<u>3,970,980</u>	<u>4,196,376</u>
TOTAL EQUITY AND LIABILITIES		<u>6,071,492</u>	<u>6,139,675</u>
NET CURRENT LIABILITIES		<u>633,378</u>	<u>409,201</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,065,569</u>	<u>5,131,466</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Principal Accounting Policies and Basis of Presentation

The unaudited consolidated financial statements 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 “Listing Rules”).

The preparation of the unaudited consolidated 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 consolidated financial statements 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 consolidated financial statements should be read where relevant, in conjunction with the annual report of the Group for the year ended 31 December 2006.

The accounting policies and methods of computation used in the preparation of these unaudited consolidated financial statements are consistent with those used in the annual report for the year ended 31 December 2006.

On 1 January 2007, the Group revised the estimated useful life of the jetties from 90 and 99 years to 50 years to more realistically reflect its remaining estimated useful life. The change in the useful life of the jetties did not have any material effect on the results and financial position of the Group for the three months and six months ended 30 June 2007.

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

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\$436.8 million and US\$394.9 million for the three months ended 30 June 2007 and 2006, respectively and approximately US\$811.0 million and US\$727.4 million for the six months ended 30 June 2007 and 2006, 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 June		Six months ended 30 June	
	2007 US\$’000	2006 US\$’000	2007 US\$’000	2006 US\$’000
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	122,873	99,339	204,857	194,086
North America ¹	478,181	434,178	922,038	810,863
Europe and others	55,984	60,243	95,024	102,451
	<u>657,038</u>	<u>593,760</u>	<u>1,221,919</u>	<u>1,107,400</u>

2. Turnover and Operating Profit (Continued)

	OPERATING PROFIT			
	Three months ended		Six months ended	
	30 June		30 June	
	2007	2006	2007	2006
US\$'000	US\$'000	US\$'000	US\$'000	
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	16,697	17,784	14,882	30,681
North America ^{1,2}	23,369	21,794	15,584	23,645
Others	2,631	(107)	2,118	260
	<u>42,697</u>	<u>39,471</u>	<u>32,584</u>	<u>54,586</u>

Notes:

- Substantially, all the turnover and operating profit arise in the United States of America.
 - Included in the operating profit of North America for the three months and six months ended 30 June 2007 was a net impairment loss of US\$5.2 million.
3. Other Non-operating Income / (Expenses), net

	Three months ended		Six months ended	
	30 June		30 June	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Gain / (Loss) on derivative instruments	1,246	(766)	1,699	(2,300)
Loss on foreign exchange	(4,027)	(1,881)	(4,418)	(972)
Loss on translation of debts	(11,276)	(20,204)	(20,541)	(24,868)
Gain on disposal of an associate	53,749	-	53,749	-
Impairment of non-cruise related investment	-	(10,285)	-	(10,285)
Other non-operating income / (expenses), net	18	(5)	(3,519)	(164)
	<u>39,710</u>	<u>(33,141)</u>	<u>26,970</u>	<u>(38,589)</u>

4. Taxation

	Three months ended		Six months ended	
	30 June		30 June	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Overseas taxation				
- Current taxation	(1,165)	(455)	(1,951)	(803)
- Deferred taxation	-	-	14	900
	<u>(1,165)</u>	<u>(455)</u>	<u>(1,937)</u>	<u>97</u>
Over / (Under) provision in respect of prior years				
- Current taxation	(65)	(58)	(888)	(68)
- Deferred taxation	(130)	57	(401)	57
	<u>(1,360)</u>	<u>(456)</u>	<u>(3,226)</u>	<u>86</u>

4. Taxation (Continued)

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

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

	Three months ended 30 June		Six months ended 30 June	
	2007 US\$'000 unaudited	2006 US\$'000 unaudited	2007 US\$'000 unaudited	2006 US\$'000 unaudited
<u>BASIC</u>				
Profit / (Loss) for the period	23,389	(33,946)	(56,002)	(68,999)
Weighted average outstanding ordinary shares, in thousands	7,204,753	5,646,625	7,123,440	5,646,563
Basic earnings / (loss) per share in US cents	0.32	(0.60) (note 2)	(0.79)	(1.22) (note 2)
<u>DILUTED</u>				
Profit / (Loss) for the period	23,389	(33,946)	(56,002)	(68,999)
Weighted average outstanding ordinary shares, in thousands	7,204,753	5,646,625	7,123,440	5,646,563
Effect of dilutive ordinary shares, in thousands	4,812	-	6,106	901
Weighted average outstanding ordinary shares after assuming dilution, in thousands	7,209,565	5,646,625	7,129,546	5,647,464
Diluted earnings / (loss) per share in US cents	0.32	(0.60) (note 2)	N/A (note 1)	N/A (note 1)

Notes:

1. Diluted loss per share for the six months ended 30 June 2007 and 2006 are not shown as the diluted loss per share is less than the basic loss per share.
2. The weighted average outstanding ordinary shares and basic and diluted loss per share for the three months and six months ended 30 June 2006 have been adjusted to reflect the effects of December 2006 rights issue.

6. Trade Receivables

	As at	
	30 June 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
Trade receivables	21,138	24,571
Less: Provisions	(3,228)	(3,163)
	<u>17,910</u>	<u>21,408</u>

At 30 June 2007 and 31 December 2006, the ageing analysis of the trade receivables is as follows:

	As at	
	30 June 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
Current to 30 days	8,342	16,124
31 days to 60 days	3,936	1,961
61 days to 120 days	2,059	2,459
121 days to 180 days	2,453	1,759
181 days to 360 days	3,883	2,125
Over 360 days	465	143
	<u>21,138</u>	<u>24,571</u>

Credit terms generally range from payment in advance to 45 days credit terms.

7. Trade Creditors

The ageing of trade creditors as at 30 June 2007 and 31 December 2006 is as follows:

	As at	
	30 June 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
Current to 60 days	86,128	137,275
61 days to 120 days	892	1,037
121 days to 180 days	597	144
Over 180 days	1,107	818
	<u>88,724</u>	<u>139,274</u>

INTERIM DIVIDEND

The Directors do not recommend the declaration of any interim dividend in respect of the six months ended 30 June 2007.

BUSINESS REVIEW

Key points for the quarter in comparison with 2Q 2006: -

- Capacity increased by 11.2% from 2.5 million to 2.8 million capacity days
- Net revenue and net revenue yield increased by 11.5% and 0.2%, respectively
- Ship operating expenses per capacity day were down by 3.3%
- Selling, general and administrative expenses (“SG&A”) per capacity day increased by 6.3%
- Impairment loss was US\$5.2 million
- Operating profit increased by 8.2% from US\$39.5 million to US\$42.7 million
- Gain on disposal of a 25% equity interest in Resorts World at Sentosa (“RWS”) amounted to US\$53.7 million
- Non-cash foreign currency debts translation loss was US\$11.3 million versus a higher loss of US\$20.2 million
- Net profit was US\$23.4 million versus a net loss of US\$33.9 million

Key points for the first half in comparison with 1H 2006: -

- Capacity increased by 14.3% from 4.9 million to 5.6 million capacity days
- Net revenue increased by 10.7% but net revenue yield decreased by 3.2%
- Ship operating expenses per capacity day were down by 1.3%
- SG&A per capacity day increased by 1.6%
- Impairment loss was US\$5.2 million
- Operating profit decreased by 40.3% from US\$54.6 million to US\$32.6 million
- Gain on disposal of RWS amounted to US\$53.7 million
- Non-cash foreign currency debts translation loss was US\$20.5 million versus a higher loss of US\$24.9 million
- Net loss was US\$56.0 million compared to a net loss of US\$69.0 million

Star Cruises Group

Net revenue for 2Q 2007 increased 11.5% from 2Q 2006 primarily due to an 11.2% capacity increase. Net revenue yield was slightly up, by 0.2% compared to 2Q 2006 primarily due to higher cruise ticket revenue and onboard gaming revenue in the Star Asia fleet partially offset by a decrease in cruise ticket prices for NCL Group’s inter-island cruises in Hawaii and lower onboard spending. The capacity increase in 2Q 2007 was mainly due to the addition of m.v. Pride of Hawaii and m.v. Norwegian Pearl, which entered service in May 2006 and November 2006, respectively. The overall Group occupancy was at 104.8% compared with 103.4% in 2Q 2006.

Star Cruises Group (Continued)

The 2Q 2007 ship operating expenses per capacity day decreased 3.3% compared to 2Q 2006 primarily due to lower payroll and related costs of NCL America, lower fuel costs and receipt of certain insurance proceeds. This decrease in the ship operating expenses per capacity day was partially offset by the charter hire fee for m.v. Norwegian Crown as well as start-up costs associated with the introduction of m.v. SuperStar Aquarius in Hong Kong. In 2Q 2007, average fuel prices, including the impact of fuel hedges, decreased approximately 1.3% from 2Q 2006. Fuel costs accounted for approximately 18.2% of ship operating expenses in 2Q 2007 compared with 19.4% in 2Q 2006.

SG&A expenses per capacity day for 2Q 2007 increased 6.3% compared to 2Q 2006 primarily due to higher advertising and promotional costs in Star Asia fleet and the increased shoreside expenses to support the expanded operations in China as well as timing of certain SG&A expenses for NCL Group.

A net impairment loss of US\$5.2 million was recorded in 2Q 2007 in respect of ships and Orient Lines trade name.

In May 2007, the Group completed the disposal of its 25% interest in RWS for a total consideration of S\$255 million and registered a gain of approximately US\$53.7 million.

Net revenue for 1H 2007 increased 10.7% compared with 1H 2006 primarily due to a 14.3% increase in capacity which was partially offset by a 3.2% decrease in net revenue yield. The capacity increase in 1H 2007 was mainly due to the addition of m.v. Pride of Hawaii and m.v. Norwegian Pearl, which entered service in May 2006 and November 2006, respectively. The overall Group occupancy was at 101.9% in 1H 2007 compared with 101.3% in 1H 2006. The decrease in net revenue yield was primarily due to the downward pricing pressure on NCL Group's inter-island cruises in Hawaii.

On a per capacity day basis, the ship operating expenses were 1.3% lower in 1H 2007 compared with 1H 2006 primarily due to lower payroll and related costs of NCL America, lower fuel costs and receipt of certain insurance proceeds. The decrease in ship operating expenses per capacity day was partially offset by the charter hire fee for m.v. Norwegian Crown as well as start-up costs associated with the introduction of m.v. SuperStar Aquarius in Hong Kong. Average fuel prices in 1H 2007, net of fuel hedges, decreased approximately 2.9% from 1H 2006. Fuel costs accounted for approximately 18.3% of ship operating expenses in 1H 2007 compared with 19.4% in 1H 2006.

SG&A expenses per capacity day for 1H 2007 increased by 1.6% compared with 1H 2006 primarily because of the reasons mentioned above, partially offset by lower shore costs per capacity day in the NCL Group.

Star Cruises (excluding NCL Group)

For 2Q 2007, Star Cruises (excluding NCL Group) showed marked improvement compared with 2Q 2006. Net revenue and net revenue yield increased by 13.0% and 13.4%, respectively on a slight 1.9% increase in capacity. The increase in net revenue yield was registered throughout the Star Asia fleet as a result of higher cruise ticket revenue and onboard gaming revenue. The increase in capacity was mainly due to the addition of m.v. SuperStar Aquarius which commenced operation in June 2007, partially offset by the decrease in capacity of m.v. SuperStar Libra and m.v. Star Pisces which were out of service during their scheduled dry-docking. Occupancy for 2Q 2007 was at 92.8% compared to 87.6% in 2Q 2006.

Ship operating expenses per capacity day in 2Q 2007 increased 11.3% compared with 2Q 2006. This increase was mainly due to the start-up costs for the introduction of m.v. SuperStar Aquarius in Hong Kong and charter fee paid for m.v. Norwegian Crown partially offset by lower fuel costs. Average fuel prices increased approximately 2.7% in 2Q 2007 compared with 2Q 2006.

SG&A expenses per capacity day increased 13.9% compared with 2Q 2006 mainly as a result of higher advertising and promotional costs in Star Asia fleet and the increased shoreside expenses to support the expanded operations in China.

For 1H 2007, net revenue remained relatively unchanged and net revenue yield increased by 1.2% compared to 1H 2006 on a 1.4% lower capacity. The lower capacity was mainly a result of the dry-docking of m.v. SuperStar Virgo, m.v. SuperStar Libra and m.v. Star Pisces, partially offset by the addition of m.v. SuperStar Aquarius. Occupancy in 1H 2007 was at 84.5% compared to 81.6% in 1H 2006.

Star Cruises (excluding NCL Group) (Continued)

Ship operating expenses per capacity day for 1H 2007 increased 8.9% compared with 1H 2006. This increase was mainly due to the start-up costs for the introduction of m.v. SuperStar Aquarius in Hong Kong and charter fee paid for m.v. Norwegian Crown partially offset by lower fuel costs. Average fuel prices decreased approximately 1.1% in 1H 2007 compared with 1H 2006.

SG&A expenses per capacity day in 1H 2007 was also higher compared with 1H 2006 as higher advertising and promotional costs were incurred in the Star Asia fleet and the increased shoreside expenses to support the expanded operations in China.

In June 2007, Star Cruises commenced operations of its first budget inn in Hangzhou and started the construction of a second one in Suzhou which is expected to be completed in 2Q 2008.

NCL Group

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

Net revenue increased 10.7% in 2Q 2007 compared to 2Q 2006 primarily due to a 13.6% increase in capacity partially offset by a 2.5% decrease in net revenue yield. The increase in capacity was the result of the addition of m.v. Pride of Hawaii and m.v. Norwegian Pearl which entered service in May 2006 and November 2006, respectively, partially offset by the return of m.v. Norwegian Wind (renamed m.v. SuperStar Aquarius) to Star Cruises in April 2007. The decrease in net revenue yield in 2Q 2007 was the result of a decrease in passenger ticket prices and onboard revenues. The decrease in passenger ticket prices was primarily due to significant downward pricing pressure related to the inter-island cruises in Hawaii. The decrease in onboard revenues was primarily due to generally lower amounts spent per passenger primarily for shore excursions and the introduction of a new art concessionaire.

In 2Q 2007, ship operating expenses per capacity day decreased 8.6% compared with 2Q 2006. The decrease in these costs was mainly due to lower payroll and related costs, dry-docking expenses and fuel costs. Payroll and related costs in 2Q 2006 included start-up costs associated with the introduction of m.v. Pride of Hawaii in May 2006. The absence of start-up costs in 2Q 2007, combined with a decrease in crew turnover on the U.S. fleet, resulted in lower recruiting and training costs, which were the primary drivers of the improvement in payroll and related costs per capacity day. During 2Q 2007, average fuel prices, including the impact of fuel hedges, decreased 2.4% to US\$362 per metric ton from US\$371 per metric ton in 2Q 2006. Also included in 2Q 2007 was US\$3.5 million of insurance proceeds related to a previous year's claim.

SG&A expenses per capacity day increased 2.8% compared with 2Q 2006 as a result of the timing of certain SG&A expenses.

For 1H 2007, net revenue increased 13.5% primarily due to a 18.4% increase in capacity days partially offset by a 4.1% decrease in net revenue yield. The increase in capacity was the result of the addition of m.v. Pride of Hawaii and m.v. Norwegian Pearl which entered service in May 2006 and November 2006, respectively, partially offset by the return of m.v. Norwegian Wind (renamed m.v. SuperStar Aquarius) to Star Cruises in April 2007. The decrease in net revenue yield in 1H 2007 was primarily the result of a decrease in passenger ticket prices. The decrease in passenger ticket prices was primarily due to significant downward pricing pressure related to the inter-island cruises in Hawaii.

Ship operating expenses per capacity day for 1H 2007 decreased 5.0% compared with 1H 2006. The decrease in these costs was mainly due to lower payroll and related costs, fuel costs and dry-docking expenses. Payroll and related costs in 1H 2006 included start-up costs associated with the introduction of m.v. Pride of Hawaii in May 2006. The absence of start-up costs in 1H 2007, combined with a decrease in crew turnover on the U.S. fleet, resulted in lower recruiting and training costs, which were the primary drivers of the improvement in payroll and related costs per capacity day. During 1H 2007, average fuel prices, including the impact of fuel hedges, decreased 3.4% to US\$346 per metric ton from US\$358 per metric ton in the same period of 2006. Also included in 1H 2007 was US\$3.5 million of insurance proceeds related to a previous year's claim.

SG&A expenses per capacity day decreased 1.9% compared with 1H 2006 as a result of economies of scale achieved from the 18.4% increase in capacity partially offset by the timing of certain SG&A expenses.

Prospects

In the second half of the year, the NCL Group continues to experience pricing pressure in its Hawaii trade but the Caribbean trade has stabilised. Demand for the summer has been strong, particularly in Europe.

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 2006 and interim report for the three months ended 31 March 2007.

Terminology

- *Net revenue yield represents total revenues less commissions, transportation and other expenses and onboard and other expenses per Capacity Day.*
- *Ship operating expenses represent operating expenses excluding commissions, transportation and other expenses and onboard and other expenses. NCL Group, reporting under US GAAP, accounts for dry-docking costs under the direct expense method and these costs are classified as ship operating expenses. Under HKFRS, 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.*
- *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

- (i) Subsequent to the balance sheet date and up to the date of this announcement, approximately US\$61.8 million of the US\$180 million 2% Convertible Bonds due in 2008 have been converted to ordinary shares of the Company.
- (ii) In July 2007, the Group finalised the sale of Oceanic, formerly known as Independence.

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 six months ended 30 June 2007, save for the issue of new ordinary shares of US\$0.10 each by the Company as follows:

- (a) the issue of 1,402,705 new ordinary shares of US\$0.10 each at an aggregate price of US\$354,970 pursuant to the exercise of options granted under the Pre-listing Employee Share Option Scheme;
- (b) the issue of 550,321 new ordinary shares of US\$0.10 each at an aggregate price of HK\$950,495 pursuant to the exercise of options granted under the Post-listing Employee Share Option Scheme;
- (c) the issue of 163,414,009 new ordinary shares of US\$0.10 each upon conversion of an aggregate amount of US\$53,395,000 of the US\$180,000,000 2% Convertible Bonds due 2008 at the conversion price of HK\$2.53 per share; and
- (d) the issue of 255,000,000 new ordinary shares of US\$0.10 each at the subscription price of HK\$2.29 (US\$0.29) per share, with an aggregate price, net of issuance costs, of approximately US\$75,000,000 to independent third parties pursuant to the share subscription agreements dated 17 January 2007.

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 six months ended 30 June 2007, save for the deviation from Code Provision A.2.1 which states that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. 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 2006 issued in March 2007.

REVIEW BY AUDIT COMMITTEE

These unaudited consolidated financial statements 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, 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, Mr. Tan Boon Seng and Mr. Lim Lay Leng.

On behalf of the Board

TAN SRI LIM KOK THAY

Chairman and Chief Executive Officer

Hong Kong, 14 August 2007

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 Company about the industry and markets in which the Company and its subsidiaries (the “Group”) will operate in the future. 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, political and business conditions, changes in cruise industry competition, weather, force majeure events and/or other factors. Reliance should not be placed on these forward-looking statements, which merely reflect the view of the Company as of the date of this announcement only. The Company is under no obligation to revise or update publicly these forward-looking statements or any part thereof to reflect events or circumstances resulting from any new information, future events or otherwise on which any such statement was based.