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**HK GAAP RESULTS RELEASE  
FOR IMMEDIATE RELEASE**

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**STAR CRUISES GROUP ANNOUNCES SECOND QUARTER AND FIRST HALF RESULTS  
FOR 2007**

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.

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.

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.

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.

#### 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.*

## **ABOUT STAR CRUISES GROUP**

Star Cruises, the third largest cruise operator in the world is a global cruise brand with a combined fleet of 21 ships with about 32,300 lower berths in service with an additional 3 ships and some 10,800 lower berths due to be delivered by 2010, cruising to 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 25 locations worldwide with offices and representatives in Australia, Cambodia, 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 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 press release 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.*

**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2007**  
**PREPARED IN ACCORDANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS**

	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	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	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	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	(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>
Earnings / (Loss) per share in US cents:				
- Basic	0.32	(0.60) (note 2)	(0.79)	(1.22) (note 2)
- Diluted	0.32	(0.60) (note 2)	N/A (note 1)	N/A (note 1)
Weighted average outstanding ordinary shares, in thousands	7,204,753	5,646,625	7,123,440	5,646,563
Weighted average outstanding ordinary shares after assuming dilution, in thousands	7,209,565	5,646,625	7,129,546	5,647,464
<b>Operating data</b>				
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.
- (3) Certain comparative figures have been reclassified to conform to the current period's presentation.