



STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT

RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 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 nine months ended 30 September 2007, together with the comparative figures for the previous periods as follows:

	Note	Three months ended 30 September		Nine months ended 30 September	
		2007 US\$'000 unaudited	2006 US\$'000 unaudited	2007 US\$'000 unaudited	2006 US\$'000 unaudited
Turnover	2	733,693	688,552	1,955,612	1,795,952
Operating expenses (excluding depreciation, amortisation and impairment loss)		(514,411)	(478,734)	(1,417,207)	(1,288,079)
Selling, general and administrative expenses (excluding depreciation)		(82,075)	(72,437)	(243,736)	(211,589)
Depreciation and amortisation		(59,216)	(54,635)	(178,929)	(158,952)
Impairment loss		-	-	(5,165)	-
		<u>(655,702)</u>	<u>(605,806)</u>	<u>(1,845,037)</u>	<u>(1,658,620)</u>
Operating profit	2	77,991	82,746	110,575	137,332
Interest income		914	1,404	3,719	5,211
Finance costs		(56,696)	(50,168)	(170,926)	(138,328)
Share of losses of associates		-	(9)	(905)	(738)
Other non-operating income / (expenses), net	3	(43,368)	26,041	(16,398)	(12,548)
		<u>(99,150)</u>	<u>(22,732)</u>	<u>(184,510)</u>	<u>(146,403)</u>
Profit / (Loss) before taxation		(21,159)	60,014	(73,935)	(9,071)
Taxation	4	(145)	352	(3,371)	438
Profit / (Loss) for the period		<u>(21,304)</u>	<u>60,366</u>	<u>(77,306)</u>	<u>(8,633)</u>
Attributable to:					
Equity holders of the Company		(21,284)	60,366	(77,286)	(8,633)
Minority interest		(20)	-	(20)	-
		<u>(21,304)</u>	<u>60,366</u>	<u>(77,306)</u>	<u>(8,633)</u>

	Note	Three months ended 30 September		Nine months ended 30 September	
		2007	2006	2007	2006
		US\$'000	US\$'000	US\$'000	US\$'000
		unaudited	unaudited	unaudited	unaudited
Basic earnings / (loss) per share (US cents)	5	(0.29)	1.07 (note 2)	(1.07)	(0.15) (note 2)
Diluted earnings per share (US cents)	5	N/A (note 1)	1.03 (note 2)	N/A (note 1)	N/A (note 1)
<u>Operating data</u>					
Passenger Cruise Days		3,117,008	2,824,611	8,802,002	7,768,680
Capacity Days		2,906,977	2,735,356	8,483,600	7,613,725
Occupancy as a percentage of total capacity days		107%	103%	104%	102%

Notes:

1. Diluted loss per share for the three months and nine months ended 30 September 2007 and the nine months ended 30 September 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 earnings / (loss) per share for the three months and nine months ended 30 September 2006 have been adjusted to reflect the effects of December 2006 rights issue.

CONSOLIDATED BALANCE SHEET

		As at	
		30 September 2007	31 December 2006
		US\$'000	US\$'000
	Note	unaudited	audited
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		590,994	598,994
Deferred tax assets		43	573
Property, plant and equipment		4,789,918	4,863,047
Lease prepayments		289,531	2,259
Investments in associates		-	5,860
Restricted cash		1,682	1,650
Other assets		62,939	68,284
		5,735,107	5,540,667
CURRENT ASSETS			
Consumable inventories		47,032	38,451
Trade receivables	6	19,075	21,408
Prepaid expenses and others		48,162	68,997
Derivative financial instruments		298	-
Amounts due from related companies		-	99
Restricted cash		1,849	1,226
Cash and cash equivalents		113,615	468,827
		230,031	599,008
Non-current assets classified as held for sale		63,610	-
		293,641	599,008
TOTAL ASSETS		6,028,748	6,139,675

CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	As at	
		30 September 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
EQUITY			
Capital and reserves attributable to the			
Company's equity holders			
Share capital		740,502	678,439
Reserves:			
Share premium		1,488,790	1,324,829
Additional paid-in capital		94,513	94,513
Convertible bonds - equity component		4,931	14,400
Foreign currency translation adjustments		(22,208)	(22,522)
Unamortised share option expense		(455)	(818)
Cash flow hedge reserve		(1,127)	(1,598)
Accumulated losses		(221,230)	(143,944)
		<u>2,083,716</u>	<u>1,943,299</u>
Minority interest		66,840	-
TOTAL EQUITY		<u>2,150,556</u>	<u>1,943,299</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowings		2,934,946	3,184,399
Derivative financial instruments		1,801	1,729
Other long-term liabilities		4,433	1,744
Deferred tax liabilities		48	295
		<u>2,941,228</u>	<u>3,188,167</u>
CURRENT LIABILITIES			
Trade creditors	7	97,257	139,274
Current income tax liabilities		513	1,069
Provisions, accruals and other liabilities		254,210	324,135
Current portion of long-term borrowings		221,648	218,804
Derivative financial instruments		1,587	2,985
Amounts due to related companies		196	-
Advance ticket sales		361,553	321,942
		<u>936,964</u>	<u>1,008,209</u>
TOTAL LIABILITIES		<u>3,878,192</u>	<u>4,196,376</u>
TOTAL EQUITY AND LIABILITIES		<u>6,028,748</u>	<u>6,139,675</u>
NET CURRENT LIABILITIES		<u>643,323</u>	<u>409,201</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,091,784</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 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 nine months ended 30 September 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\$504.2 million and US\$467.3 million for the three months ended 30 September 2007 and 2006, respectively and approximately US\$1,315.2 million and US\$1,194.7 million for the nine months ended 30 September 2007 and 2006, respectively. The remaining portion of the revenues 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	
	2007	2006	2007	2006
	US\$’000	US\$’000	US\$’000	US\$’000
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	114,438	97,550	319,295	291,636
North America ¹	528,459	505,728	1,450,497	1,316,591
Europe and others	90,796	85,274	185,820	187,725
	<u>733,693</u>	<u>688,552</u>	<u>1,955,612</u>	<u>1,795,952</u>

2. Turnover and Operating Profit (Continued)

	OPERATING PROFIT			
	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
US\$'000	US\$'000	US\$'000	US\$'000	
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	9,323	23,950	24,205	54,631
North America ^{1,2}	60,110	57,850	75,694	81,495
Europe and others	8,558	946	10,676	1,206
	<u>77,991</u>	<u>82,746</u>	<u>110,575</u>	<u>137,332</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 nine months ended 30 September 2007 was a net impairment loss of US\$5.2 million.
3. Other Non-operating Income / (Expenses), net

	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Gain / (Loss) on sale of property, plant and equipment (see note (i) below)	(88)	16,690	(76)	16,708
Gain / (Loss) on derivative instruments	1,053	(162)	2,752	(2,462)
Loss on foreign exchange	(2,614)	(835)	(7,032)	(1,807)
Gain / (Loss) on translation of debts	(41,682)	3,530	(62,223)	(21,338)
Gain on disposal of an associate	-	-	53,749	-
Impairment of non-cruise related investment	-	-	-	(10,285)
Ship yard compensation income (see note (ii) below)	-	7,283	-	7,283
Other non-operating expenses, net	(37)	(465)	(3,568)	(647)
	<u>(43,368)</u>	<u>26,041</u>	<u>(16,398)</u>	<u>(12,548)</u>

Notes:

- In September 2006, the Group disposed of m.v. Norwegian Crown for approximately US\$110 million and realised a gain on disposal of the vessel of approximately US\$16.7 million.
- In September 2006, NCL Corporation Ltd. ("NCL") entered into a €29 million or US\$36.8 million, based on the Euro/U.S. dollar exchange rate at 30 September 2006, settlement agreement in connection with NCL's pre and post-ship delivery claims against the builder of m.v. Pride of America. Settlement amount of approximately US\$7.3 million was related to the claims for post-delivery costs incurred by NCL.

4. Taxation

	Three months ended 30 September		Nine months ended 30 September	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Overseas taxation				
- Current taxation	(248)	(165)	(2,199)	(968)
- Deferred taxation	103	(676)	117	224
	(145)	(841)	(2,082)	(744)
Over / (Under) provision in respect of prior years				
- Current taxation	-	1,193	(888)	1,125
- Deferred taxation	-	-	(401)	57
	(145)	352	(3,371)	438

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 September		Nine months ended 30 September	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
<u>BASIC</u>				
Profit / (Loss) attributable to equity holders of the Company	(21,284)	60,366	(77,286)	(8,633)
Weighted average outstanding ordinary shares, in thousands	7,333,662	5,646,629 ²	7,194,284	5,646,585 ²
Basic earnings / (loss) per share in US cents	(0.29)	1.07 ²	(1.07)	(0.15) ²

5. Earnings / (Loss) per share (continued)

	Three months ended 30 September		Nine months ended 30 September	
	2007 US\$'000 unaudited	2006 US\$'000 unaudited	2007 US\$'000 unaudited	2006 US\$'000 unaudited
<u>DILUTED</u>				
Profit / (Loss) attributable to equity holders of the Company	(21,284)	60,366	(77,286)	(8,633)
Interest expense on convertible bonds	-	3,464	-	-
Profit used to determined diluted earnings per share	<u>(21,284)</u>	<u>63,830</u>	<u>(77,286)</u>	<u>(8,633)</u>
Weighted average outstanding ordinary shares, in thousands	7,333,662	5,646,629 ²	7,194,284	5,646,585 ²
Effect of dilutive ordinary shares, in thousands				
- Share options	23,123	-	7,857	32
- Convertible bonds (note 3)	-	550,885	-	-
Weighted average outstanding ordinary shares after assuming dilution, in thousands	<u>7,356,785</u>	<u>6,197,514²</u>	<u>7,202,141</u>	<u>5,646,617²</u>
Diluted earnings per share in US cents	<u>N/A¹</u>	<u>1.03²</u>	<u>N/A¹</u>	<u>N/A¹</u>

Notes:

1. Diluted loss per share for the three months and nine months ended 30 September 2007 and the nine months ended 30 September 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 earnings / (loss) per share for the three months and nine months ended 30 September 2006 have been adjusted to reflect the effects of December 2006 rights issue.
3. The computation of diluted earnings per share for the three months and nine months ended 30 September 2007 and the nine months ended 30 September 2006 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.

6. Trade Receivables

	As at	
	30 September 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
Trade receivables	22,352	24,571
Less: Provisions	(3,277)	(3,163)
	<u>19,075</u>	<u>21,408</u>

6. Trade Receivables (continued)

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

	As at	
	30 September 2007	31 December 2006
	US\$'000	US\$'000
	unaudited	audited
Current to 30 days	10,444	16,124
31 days to 60 days	4,978	1,961
61 days to 120 days	2,011	2,459
121 days to 180 days	2,027	1,759
181 days to 360 days	2,441	2,125
Over 360 days	451	143
	<u>22,352</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 September 2007 and 31 December 2006 is as follows:

	As at	
	30 September 2007	31 December 2006
	US\$'000	US\$'000
	unaudited	audited
Current to 60 days	89,653	137,275
61 days to 120 days	5,247	1,037
121 days to 180 days	1,235	144
Over 180 days	1,122	818
	<u>97,257</u>	<u>139,274</u>

INTERIM DIVIDEND

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

BUSINESS REVIEW

Key points for the quarter in comparison with 3Q 2006: -

- Capacity increased by 6.3% from 2.7 million to 2.9 million capacity days
- Net revenue and net revenue yield increased by 9.8% and 3.3%, respectively
- Ship operating expenses per capacity day increased by 6.9%
- Selling, general and administrative expenses (“SG&A”) per capacity day increased by 6.6%
- Operating profit decreased by 5.8% from US\$82.7 million to US\$78.0 million
- Net profit was US\$20.4 million before non-cash foreign currency debt translation loss compared to a net profit of US\$32.9 million before non-cash foreign currency debt translation gain and other one-off items

Key points for the nine months in comparison with 9M 2006: -

- Capacity increased by 11.4% from 7.6 million to 8.5 million capacity days
- Net revenue increased by 10.4% but net revenue yield decreased by 1.0%
- Ship operating expenses per capacity day increased by 1.5%
- SG&A per capacity day increased by 3.4%
- Operating profit before impairment loss decreased by 15.7% from US\$137.3 million to US\$115.7 million
- Net loss was US\$63.6 million before impairment loss, non-cash foreign currency debt translation loss and one-off item compared to a net loss of US\$1.0 million before non-cash foreign currency debt translation loss and other one-off items

Star Cruises Group

For 3Q 2007, the Group recorded a net profit of US\$20.4 million before non-cash foreign currency debt translation loss compared to a net profit of US\$32.9 million before non-cash foreign currency debt translation gain and other one-off items in 3Q 2006.

In 3Q 2007, the Group recorded a non-cash Euro denominated debt translation loss of US\$41.7 million due to the revaluation of the Euro denominated debt to US dollars. In 3Q 2006, the non-cash Euro denominated debt translation gain was US\$3.5 million, and the other one-off items were shipyard compensation income of US\$7.3 million and a gain on disposal of m.v. Norwegian Crown of US\$16.7 million.

After taking into account the abovementioned items, the Group’s 3Q 2007 net loss was US\$21.3 million compared to a net profit of US\$60.4 million in 3Q 2006.

Net revenue for 3Q 2007 increased 9.8% from 3Q 2006 primarily due to a 6.3% capacity increase and a 3.3% increase in net revenue yield. The higher net revenue yield was primarily due to an increase in cruise ticket revenue partially offset by a lower onboard gaming revenue in Star Asia fleet. The capacity increase in 3Q 2007 was mainly due to the addition of m.v. Norwegian Pearl, which entered service in November 2006. The overall Group occupancy was 107.2% compared with 103.3% in 3Q 2006.

The 3Q 2007 ship operating expenses per capacity day increased 6.9% compared to 3Q 2006 primarily due to higher other operating expenses (due primarily to the timing of maintenance and repairs expenses) and higher fuel costs, an increase in payroll and related costs (primarily associated with start-up costs incurred with the introduction of m.v. Norwegian Gem in October 2007), as well as the charter hire fee for m.v. Norwegian Crown and m.v. Marco Polo. In 3Q 2007, average fuel prices, including the impact of fuel hedges, increased approximately 10.6% from 3Q 2006. Fuel costs accounted for approximately 18% of ship operating expenses in both 3Q 2007 and 3Q 2006.

Star Cruises Group (Continued)

SG&A expenses per capacity day for 3Q 2007 increased 6.6% compared to 3Q 2006 primarily due to higher advertising and promotional costs as well as professional fees incurred mainly in connection with information technology projects for the NCL Group.

For 9M 2007, the Group recorded a net loss of US\$63.6 million before impairment loss, non-cash foreign currency debt translation loss and one-off item compared to a net loss of US\$1.0 million before non-cash foreign currency debt translation loss and other one-off items in 9M 2006.

In 9M 2007, the Group recorded a net impairment loss of US\$5.2 million in respect of ships and Orient Lines trade name, a non-cash Euro denominated debt translation loss of US\$62.2 million and a gain on disposal of a 25% equity interest in Resorts World at Sentosa of US\$53.7 million. In 9M 2006, the Group recorded a non-cash Euro denominated debt translation loss of US\$21.3 million, and other one-off items of US\$13.7 million in relation to a shipyard compensation income, gain on disposal of a vessel and a write down of non-cruise investment in a low cost carrier.

Consequently, taking into account the abovementioned items, the net loss for 9M 2007 was US\$77.3 million compared to a net loss of US\$8.6 million in 9M 2006.

Net revenue for 9M 2007 increased 10.4% compared with 9M 2006 primarily due to an 11.4% increase in capacity which was partially offset by a 1.0% decrease in net revenue yield. The capacity increase in 9M 2007 was mainly due to the additions 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 103.8% in 9M 2007 compared with 102.0% in 9M 2006. The decrease in net revenue yield was primarily due to the decrease in passenger ticket prices during the first half of the year related to NCL Group's inter-island cruises in Hawaii and a lower onboard gaming revenue in the Star Asia fleet.

On a per capacity day basis, the ship operating expenses were 1.5% higher in 9M 2007 compared with 9M 2006 primarily due to the charter hire fee for m.v. Norwegian Crown and m.v. Marco Polo as well as higher repair and maintenance expenses for NCL Group. The increase in ship operating expenses per capacity day was partially offset by the lower payroll and related costs of NCL America, lower fuel costs and receipt of certain insurance proceeds. Average fuel prices in 9M 2007, net of fuel hedges, increased approximately 1.4% from 9M 2006. Fuel costs accounted for approximately 18% of ship operating expenses in 9M 2007 compared with 19% in 9M 2006.

SG&A expenses per capacity day for 9M 2007 increased by 3.4% compared with 9M 2006 primarily due to higher advertising and promotional costs associated with continuation of NCL Group's national branding campaign that was launched during 4Q 2006.

At the Special General Meeting held on 24 September 2007, the shareholders of the Company voted unanimously in favour for one of the world's leading private equity groups, Apollo Management, L.P. ("Apollo") with various interests in leisure, hospitality and entertainment industries through its direct or indirect wholly-owned subsidiaries to make a US\$1 billion cash equity investment in NCL, in return for 50% equity interest in NCL through newly issued shares in NCL. The Group expects the transaction, which is subject to the satisfaction of certain closing conditions including obtaining consent from certain lenders, will be completed during the fourth quarter of 2007. Upon completion of the transaction, NCL will cease to be a subsidiary of the Company and become a jointly controlled entity of the Company.

Star Cruises (excluding NCL Group)

The 3Q 2007 capacity was 21.4% higher compared with 3Q 2006 because of the addition of m.v. SuperStar Aquarius which commenced operation in June 2007. Net revenue was 9.8% higher mainly as a result of the higher capacity which was partially offset by a 7.2% lower net revenue yield. The decrease in net revenue yield was a result of lower gaming hold percentage onboard Star Cruises' ships. Occupancy for 3Q 2007 was at 92.6% compared to 83.7% in 3Q 2006.

Ship operating expenses per capacity day in 3Q 2007 increased 11.5% compared with 3Q 2006. This increase was mainly due to the charter fee paid for m.v. Norwegian Crown and m.v. Marco Polo as well as higher fuel costs. Average fuel prices increased approximately 13.4% in 3Q 2007 compared with 3Q 2006.

SG&A expenses per capacity day decreased 7.3% compared with 3Q 2006 mainly as a result of economies of scale achieved in connection with the introduction of m.v. SuperStar Aquarius to the Star Cruises' fleet in June 2007.

Star Cruises (excluding NCL Group) (Continued)

The 9M 2007 capacity was 6.4% higher compared with 9M 2006 mainly due to the addition of m.v. SuperStar Aquarius partially offset by the dry-docking of m.v. SuperStar Virgo, m.v. SuperStar Libra and m.v. Star Pisces. Net revenue was 2.7% higher mainly as a result of the higher capacity which was partially offset by a 2.0% lower net revenue yield. Occupancy in 9M 2007 was at 87.7% compared to 82.3% in 9M 2006.

Ship operating expenses per capacity day for 9M 2007 increased 9.7% compared with 9M 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 and m.v. Marco Polo. Average fuel prices increased approximately 3.9% in 9M 2007 compared with 9M 2006.

SG&A expenses per capacity day in 9M 2007 was also higher compared with 9M 2006 as higher advertising and promotional costs were incurred in the Star Cruises' fleet and the increased shoreside expenses to support the expanded operations in China.

NCL Group

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

Net revenue increased 9.2% in 3Q 2007 compared to 3Q 2006 primarily due to a 6.3% increase in net revenue yield and a 2.8% increase in capacity. The increase in capacity was the result of the addition of m.v. Norwegian Pearl, which entered service in November 2006, partially offset by the return of m.v. Norwegian Wind (renamed to m.v. SuperStar Aquarius) to Star Cruises in April 2007. The increase in net revenue yield in 3Q 2007 was primarily the result of higher ticket prices due to an increase in consumer demand. Occupancy level for 3Q 2007 was up to 111.2% from 107.8% in 3Q 2006.

In 3Q 2007, ship operating expenses per capacity day increased 5.6% compared with 3Q 2006. The increase was primarily attributable to higher other operating expenses (due primarily to the timing of maintenance and repairs expenses) and an increase in payroll and related expense (primarily associated with start-up costs incurred with the introduction of m.v. Norwegian Gem in October 2007). In addition, average fuel prices, including the impact of fuel hedges, in 3Q 2007 averaged US\$405 per metric ton, or an increase of 9.9% from the average price of US\$368 per metric ton in 3Q 2006.

SG&A expenses per capacity day increased 10.5% compared with 3Q 2006 primarily as a result of additional professional fees incurred mainly in connection with information technology projects.

The 9M 2007, net revenue increased 11.9% primarily due to a 12.7% increase in capacity days partially offset by a 0.7% decrease in net revenue yield. The increase in capacity was the result of the additions 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 to m.v. SuperStar Aquarius) to Star Cruises in April 2007. The slight decrease in net revenue yield in 9M 2007 was primarily the result of a decrease in passenger ticket prices and, to a lesser extent, lower onboard revenues. The decrease in passenger ticket prices was primarily due to downward pricing pressure during the first half of the year related to NCL Group's inter-island cruises in Hawaii. The decrease in onboard revenues was primarily due to lower amounts spent per passenger on art due to transitions in NCL Group art concessionaire, partially offset by an increase in amounts spent per passenger on other onboard activities.

Ship operating expenses per capacity day for 9M 2007 decreased 1.4% compared with 9M 2006. The decrease in these costs was mainly attributable to lower payroll and related costs, ship charter costs and fuel costs, partially offset by higher other operating expenses. Payroll and related costs in 9M 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 2007 and a decrease in crew turnover in the Hawaii operations resulting in lower recruiting and training costs were the primary drivers for the improvement in payroll and related costs per capacity day. Ship charter costs decreased due to the return of m.v. Norwegian Wind (renamed to m.v. SuperStar Aquarius) to Star Cruises in April 2007. Higher other operating expenses, primarily due to increased repairs and maintenance expenses, were partially offset by lower dry-docking expenses associated with the timing of dry-docks and the receipt of US\$3.5 million of insurance proceeds related to a previous year's claim. During 9M 2007, average fuel prices, including the impact of fuel hedges, increased slightly (0.8%) to US\$364 per metric ton from US\$361 per metric ton in the same period of 2006.

SG&A expenses per capacity day increased 2.3% compared with 9M 2006 mainly due to the continuation of the national branding campaign that was launched during 4Q 2006.

Prospects

NCL Group's recent forward booking activity has been positive. Pricing in the Caribbean has stabilised and is improving. In addition, the measures that NCL Group has taken with respect to its Hawaii operations seem to be having a positive impact. These improvements have contributed to the overall fourth quarter booking levels and ticket prices being up versus levels achieved at the same time last year. As a result, NCL Group expects that the change in net yields for the full year 2007 will be positive.

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 reports for the three months ended 31 March 2007 and the three months and six months ended 30 June 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\$6.7 million of the US\$180 million 2% Convertible Bonds due in 2008 ("Bonds") have been converted to ordinary shares of the Company. As at the date of this announcement, the outstanding Bonds of approximately US\$54.9 million have not been converted to ordinary shares of the Company.
- (ii) In October 2007, the Group took delivery of m.v. Norwegian Gem. The balance due to the shipbuilding yard was paid on delivery from a drawdown of €12.8 million (US\$445.2 million based on the Euro/U.S. dollar exchange rate at delivery) under the €24 million secured Norwegian Pearl / Gem facility and €5.0 million (US\$7.1 million based on the Euro/U.S. dollar exchange rate at delivery) in cash.
- (iii) In October 2007, m.v. SuperStar Gemini was delivered to its new owner and leased back by the Group under a bareboat charter agreement.
- (iv) In November 2007, m.v. Norwegian Crown which was on charter to the Group, left the fleet and was delivered to its owner.

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

- (a) the issue of 2,016,193 new ordinary shares of US\$0.10 each at an aggregate price of approximately US\$529,202 pursuant to the exercise of options granted under the Pre-listing Employee Share Option Scheme;
- (b) the issue of 1,364,658 new ordinary shares of US\$0.10 each at an aggregate price of approximately HK\$2,894,068 pursuant to the exercise of options granted under the Post-listing Employee Share Option Scheme;
- (c) the issue of 362,249,944 new ordinary shares of US\$0.10 each upon conversion of an aggregate amount of US\$118,364,000 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 nine months ended 30 September 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, 16 November 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.