



**STAR CRUISES GROUP ANNOUNCES THIRD QUARTER AND NINE MONTHS RESULTS
FOR 2007**

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.

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 Corporation Ltd. ("NCL"), a wholly-owned subsidiary of the Company, 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.

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.

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.

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 33,300 lower berths in service with an additional 2 ships and some 8,400 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, Cambodia, 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 NINE MONTHS ENDED 30 SEPTEMBER 2007
PREPARED IN ACCORDANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS

	Three months ended 30 September		Nine months ended 30 September	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
	unaudited	unaudited	unaudited	unaudited
Turnover	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	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	(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	(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>
Earnings / (Loss) per share in US cents:				
- Basic	(0.29)	1.07	(1.07)	(0.15)
- Diluted	N/A	1.03	N/A	N/A
	(Note 1)	(Note 2)	(Note 1)	(Notes 1 & 2)
Weighted average outstanding ordinary shares, in thousands	7,333,662	5,646,629	7,194,284	5,646,585
Weighted average outstanding ordinary shares after assuming dilution, in thousands	7,356,785	6,197,514	7,202,141	5,646,617
<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.
- (3) Certain comparative figures have been reclassified to conform to the current period's presentation.