



STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

Interim Report for the three months and nine months ended 30 September 2004

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This interim report contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of Star Cruises Limited (the "Company") about the industry and markets in which the Company and its subsidiaries (the "Group") operate. 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 result to differ materially from those expressed or forecast in the forward-looking statements. Factors that could cause actual result to differ materially from those reflected in the forward-looking statements include general economic and business conditions, changes in cruise industry competition, weather and other factors. Reliance should not be placed on these forward-looking statements, which reflect the view of the Company's directors and management as of the date of this report only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the publication of this interim report.

CORPORATE INFORMATION

Board of Directors

Tan Sri Lim Kok Thay
Chairman, President and Chief Executive Officer

Mr. Alan Howard Smith, J.P.
Deputy Chairman and Independent Non-executive Director

Mr. Chong Chee Tut
Executive Director and Chief Operating Officer

Mr. William Ng Ko Seng
Executive Director and Executive Vice President

Mr. David Colin Sinclair Veitch
Executive Director of the Company, President and Chief Executive Officer of NCL Corporation Ltd.

Mr. Tan Boon Seng
Independent Non-executive Director

Mr. Lim Lay Leng
Independent Non-executive Director

Secretary

Ms. Louisa Tam Suet Lin

Assistant Secretary

Mr. Tan Wooi Meng
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The Board of Directors (the “Directors”) of Star Cruises Limited (the “Company”) presents the unaudited consolidated accounts of the Company and its subsidiaries (collectively referred to as the “Group”) for three months and nine months ended 30 September 2004, as follows:

Consolidated Profit and Loss Accounts

	Note	Three months ended 30 September		Nine months ended 30 September	
		2004 US\$'000 unaudited	2003 US\$'000 unaudited	2004 US\$'000 unaudited	2003 US\$'000 unaudited
Turnover	2	478,657	437,518	1,246,332	1,218,176
Operating expenses (excluding depreciation and amortisation)		(293,967)	(253,513)	(801,997)	(799,233)
Selling, general and administrative expenses (excluding depreciation)		(60,157)	(57,307)	(190,908)	(182,949)
Depreciation and amortisation		(44,667)	(49,966)	(138,062)	(147,277)
		<u>(398,791)</u>	<u>(360,786)</u>	<u>(1,130,967)</u>	<u>(1,129,459)</u>
Operating profit	2,3	79,866	76,732	115,365	88,717
Interest income		735	388	2,010	2,054
Financial costs	4	(32,731)	(22,694)	(77,720)	(70,332)
Other non-operating expenses, net	5	(1,484)	(2,247)	(10,744)	(4,674)
		<u>(33,480)</u>	<u>(24,553)</u>	<u>(86,454)</u>	<u>(72,952)</u>
Profit before taxation		46,386	52,179	28,911	15,765
Taxation	6	36	(568)	(670)	(1,261)
Net profit for the period		<u>46,422</u>	<u>51,611</u>	<u>28,241</u>	<u>14,504</u>
Basic earnings per share (US cents)	7	0.88	1.04	0.53	0.29
Fully diluted earnings per share (US cents)	7	0.81	1.04	0.49	0.29
<u>Operating data</u>					
Passenger Cruise Days		2,242,544	2,176,090	6,317,867	6,358,900
Capacity Days		2,082,874	2,168,005	6,093,773	6,643,851
Occupancy as a percentage of total capacity days		108%	100%	104%	96%

Consolidated Balance Sheet

		As at	
		30 September 2004	31 December 2003
		<i>US\$'000</i>	<i>US\$'000</i>
	<i>Note</i>	<i>unaudited</i>	<i>audited</i>
Intangible assets		609,402	621,750
Deferred tax asset		383	—
Fixed assets		3,755,393	3,626,873
Restricted cash		150	150
Other assets	8	72,735	39,689
CURRENT ASSETS			
Consumable inventories		44,637	38,075
Trade receivables	9	14,821	17,423
Prepaid expenses and others		44,342	44,274
Amounts due from related companies	13	155	—
Restricted cash		29,397	30,724
Cash and cash equivalents		247,414	377,033
		<u>380,766</u>	<u>507,529</u>
CURRENT LIABILITIES			
Trade creditors	10	49,479	98,950
Provisions, accruals and other liabilities		248,191	229,824
Current portion of long-term borrowings	11	140,358	1,074,226
Amounts due to related companies	13	—	109
Advance ticket sales		234,053	196,605
		<u>672,081</u>	<u>1,599,714</u>
Net current liabilities		<u>(291,315)</u>	<u>(1,092,185)</u>
Total assets less current liabilities		<u>4,146,748</u>	<u>3,196,277</u>
Financed by:			
Share capital		529,320	529,314
Reserves		1,318,386	1,279,202
Shareholders' funds		<u>1,847,706</u>	<u>1,808,516</u>
Long-term borrowings	11	2,113,328	1,199,567
Convertible bonds	12	180,000	180,000
Other long-term liabilities		5,171	7,992
Deferred tax liabilities		543	202
		<u>4,146,748</u>	<u>3,196,277</u>

Consolidated Cash Flow Statements

	Three months ended		Nine months ended	
	30 September		30 September	
	2004	2003	2004	2003
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
OPERATING ACTIVITIES				
Cash generated from operations	72,720	55,439	273,076	182,112
Interest paid	(26,348)	(25,051)	(65,295)	(75,174)
Interest received	699	386	1,978	2,046
Income tax paid	(36)	(273)	(1,635)	(1,227)
	<u>47,035</u>	<u>30,501</u>	<u>208,124</u>	<u>107,757</u>
INVESTING ACTIVITIES				
Purchase of fixed assets	(181,115)	(44,779)	(330,639)	(183,159)
Proceeds from sale of fixed assets	18	153	60,377	188
Others	(30)	—	(4,287)	—
	<u>(181,127)</u>	<u>(44,626)</u>	<u>(274,549)</u>	<u>(182,971)</u>
FINANCING ACTIVITIES				
Proceeds from long-term borrowings	886,887	267,470	1,327,080	303,664
Principal repayments of long-term borrowings	(809,303)	(316,263)	(1,347,187)	(419,552)
Proceeds from issuance of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme	—	179	18	189
Restricted cash, net	7,207	10,565	1,327	(43,872)
Payment of loan arrangement fees	(17,499)	(13,647)	(43,458)	(17,090)
Others, net	(555)	(151)	(862)	(442)
	<u>66,737</u>	<u>(51,847)</u>	<u>(63,082)</u>	<u>(177,103)</u>
Effect of exchange rate changes on cash and cash equivalents	541	794	(112)	900
Net decrease in cash and cash equivalents	(66,814)	(65,178)	(129,619)	(251,417)
Cash and cash equivalents at the beginning of the period	<u>314,228</u>	<u>230,719</u>	<u>377,033</u>	<u>416,958</u>
Cash and cash equivalents at the end of the period	<u><u>247,414</u></u>	<u><u>165,541</u></u>	<u><u>247,414</u></u>	<u><u>165,541</u></u>

Consolidated Statement of Changes in Equity

	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Additional paid-in capital <i>US\$'000</i>	Foreign currency translation adjustments <i>US\$'000</i>	Unamortised share option expense <i>US\$'000</i>	Cash flow hedge reserve <i>US\$'000</i>	Retained earnings/ (Accumulated losses) <i>US\$'000</i>	Total <i>US\$'000</i>
Nine months ended 30 September 2004								
<u>unaudited</u>								
At 1 January 2004	529,314	1,267,901	92,818	(23,013)	(2,065)	(34,366)	(22,073)	1,808,516
Exchange translation differences	—	—	—	(1,695)	—	—	—	(1,695)
Cash flow hedge:								
- Loss on financial instruments	—	—	—	—	—	(3,937)	—	(3,937)
- Transferred to profit and loss account	—	—	—	—	—	15,901	—	15,901
Net amounts not recognised in the profit and loss account	—	—	—	(1,695)	—	11,964	—	10,269
Net profit for the period	—	—	—	—	—	—	28,241	28,241
Issue of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme	6	12	—	—	—	—	—	18
Amortisation of share option expense	—	—	—	—	662	—	—	662
At 30 September 2004	<u>529,320</u>	<u>1,267,913</u>	<u>92,818</u>	<u>(24,708)</u>	<u>(1,403)</u>	<u>(22,402)</u>	<u>6,168</u>	<u>1,847,706</u>

During the nine months ended 30 September 2004, the remaining net proceeds from the rights issue in 2002 of approximately US\$6.5 million and the net proceeds from the rights issue in 2003 of approximately US\$99 million have been used to fund the newbuilding programme. As at 30 September 2004, there were no unapplied proceeds from the issuance of ordinary shares in 2002 and 2003.

Consolidated Statement of Changes in Equity

	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Additional paid-in capital <i>US\$'000</i>	Foreign currency translation adjustments <i>US\$'000</i>	Unamortised share option expense <i>US\$'000</i>	Cash flow hedge reserve <i>US\$'000</i>	Retained earnings <i>US\$'000</i>	Total <i>US\$'000</i>
Nine months ended 30 September 2003								
<u>unaudited</u>								
At 1 January 2003	494,614	1,203,404	93,436	(25,842)	(3,912)	(44,570)	102,400	1,819,530
Exchange translation differences	—	—	—	2,250	—	—	—	2,250
Cash flow hedge:								
- Loss on financial instruments	—	—	—	—	—	(7,339)	—	(7,339)
- Transferred to profit and loss account	—	—	—	—	—	15,347	—	15,347
Net amounts not recognised in the profit and loss account	—	—	—	2,250	—	8,008	—	10,258
Net profit for the period	—	—	—	—	—	—	14,504	14,504
Issue of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme	70	119	—	—	—	—	—	189
Amortisation of share option expense	—	—	—	—	1,100	—	—	1,100
At 30 September 2003	<u>494,684</u>	<u>1,203,523</u>	<u>93,436</u>	<u>(23,592)</u>	<u>(2,812)</u>	<u>(36,562)</u>	<u>116,904</u>	<u>1,845,581</u>

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited accounts of the Group have been prepared in compliance with the revised Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting", and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in force prior to 31 March 2004 which remains applicable to interim reports in respect of accounting periods commencing before 1 July 2004 under the transitional arrangements. The accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 31 December 2003.

This interim report should be read in conjunction with the annual accounts of the Group for the year ended 31 December 2003.

On 1 January 2004, the Group revised the estimated useful life of the catamaran from 30 years to 20 years to more realistically reflect its remaining estimated useful life. The change in the useful life of the catamaran 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 2004.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current financial period.

2. TURNOVER AND OPERATING PROFIT

The Group is principally engaged in the operation of passenger cruise ships.

Turnover consists of revenues earned from cruise and cruise related activities and charter hire. Cruise and cruise related revenue comprises 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. Charter hire revenue includes the lease of a catamaran to a third party customer.

The amounts of each significant category of revenue recognised by the Group were as follows:

	Cruise and cruise related activities		Charter Hire		Total	
	2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000	2004 US\$'000	2003 US\$'000
Three months ended 30 September						
<u>unaudited</u>						
Turnover	477,402	436,318	1,255	1,200	478,657	437,518
Operating profit	79,342	76,094	524	638	79,866	76,732
Interest income					735	388
Financial costs					(32,731)	(22,694)
Other non-operating expenses, net					(1,484)	(2,247)
Profit before taxation					46,386	52,179
Taxation					36	(568)
Net profit for the period					46,422	51,611
Nine months ended 30 September						
<u>unaudited</u>						
Turnover	1,243,759	1,215,692	2,573	2,484	1,246,332	1,218,176
Operating profit	115,032	88,153	333	564	115,365	88,717
Interest income					2,010	2,054
Financial costs					(77,720)	(70,332)
Other non-operating expenses, net					(10,744)	(4,674)
Profit before taxation					28,911	15,765
Taxation					(670)	(1,261)
Net profit for the period					28,241	14,504

Notes to the Accounts (Continued)

2. TURNOVER AND OPERATING PROFIT (Continued)

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		Nine months ended	
	30 September		30 September	
	2004	2003	2004	2003
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	93,866	112,675	298,746	306,069
North America (note)	353,085	299,633	859,907	826,796
Others	31,706	25,210	87,679	85,311
	<u>478,657</u>	<u>437,518</u>	<u>1,246,332</u>	<u>1,218,176</u>
	OPERATING PROFIT			
	Three months ended		Nine months ended	
	30 September		30 September	
	2004	2003	2004	2003
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	29,629	19,960	71,154	18,117
North America (note)	47,595	53,215	46,198	69,294
Others	5,066	5,659	5,287	7,612
	<u>82,290</u>	<u>78,834</u>	<u>122,639</u>	<u>95,023</u>
Amortisation of goodwill	(2,424)	(2,102)	(7,274)	(6,306)
	<u>79,866</u>	<u>76,732</u>	<u>115,365</u>	<u>88,717</u>

Note: Substantially, all this turnover and operating profit arises in the United States of America.

3. OPERATING PROFIT

Operating profit is stated after charging / (crediting) the following:

	Three months ended		Nine months ended	
	30 September		30 September	
	2004	2003	2004	2003
	US\$'000	US\$'000	US\$'000	US\$'000
	unaudited	unaudited	unaudited	unaudited
Depreciation of fixed assets	40,024	45,933	124,198	135,179
Amortisation of software development costs	528	108	1,517	324
Amortisation of goodwill	2,424	2,102	7,274	6,306
Amortisation of trade names and trademarks	1,691	1,823	5,073	5,468
Total depreciation and amortisation	44,667	49,966	138,062	147,277
- relating to operating function	42,284	47,291	130,874	138,951
- relating to selling, general and administrative function	2,383	2,675	7,188	8,326
Proceeds from the loss-of-hire insurance coverage, net of expenses	—	(9,229)	—	(5,297)
Custom fines on itinerary modifications resulting from the Azipod problem on a ship	2	—	4,333	—
	<u>47,054</u>	<u>40,737</u>	<u>142,473</u>	<u>145,786</u>

Notes to the Accounts (Continued)

4. FINANCIAL COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2004 US\$'000 unaudited	2003 US\$'000 unaudited	2004 US\$'000 unaudited	2003 US\$'000 unaudited
Amortisation of:				
- bank loans arrangement fees	1,772	822	4,421	2,499
- issue costs of convertible bonds and US\$250 million Senior Notes	393	—	767	—
Interests on:				
- bank loans	21,894	21,574	61,574	67,535
- convertible bonds and US\$250 million Senior Notes	8,059	—	13,156	—
Loans arrangement fees written off	3,632	1,422	4,086	1,422
Total borrowing cost incurred	35,750	23,818	84,004	71,456
Less: interest capitalised in fixed assets	(3,019)	(1,124)	(6,284)	(1,124)
Total financial costs	<u>32,731</u>	<u>22,694</u>	<u>77,720</u>	<u>70,332</u>

The capitalisation rates applied to funds borrowed and used for the construction of the cruise ships for the three months and nine months ended 30 September 2004 were between 2.1% and 3.0% per annum and 1.9% and 3.0% per annum respectively.

5. OTHER NON-OPERATING EXPENSES, NET

	Three months ended 30 September		Nine months ended 30 September	
	2004 US\$'000 unaudited	2003 US\$'000 unaudited	2004 US\$'000 unaudited	2003 US\$'000 unaudited
(Gain) / Loss on disposal of fixed assets	(6)	(91)	165	(24)
(Gain) / Loss on foreign exchange	147	(419)	1,209	905
(Gain) / Loss on financial instruments	184	1,279	7,458	(1,871)
Other non-operating expenses, net	1,159	1,478	1,912	5,664
	<u>1,484</u>	<u>2,247</u>	<u>10,744</u>	<u>4,674</u>

6. TAXATION

	Three months ended 30 September		Nine months ended 30 September	
	2004 US\$'000 unaudited	2003 US\$'000 unaudited	2004 US\$'000 unaudited	2003 US\$'000 unaudited
Overseas taxation				
- Current taxation	306	568	1,225	1,243
- Deferred taxation	(127)	—	(166)	18
	<u>179</u>	<u>568</u>	<u>1,059</u>	<u>1,261</u>
(Over) / Under provision in respect of prior years				
- Current taxation	(215)	—	(541)	—
- Deferred taxation	—	—	152	—
	<u>(36)</u>	<u>568</u>	<u>670</u>	<u>1,261</u>

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.

Notes to the Accounts (Continued)

7. EARNINGS PER SHARE

Earnings per share has been calculated as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2004 <i>US\$'000</i> <i>unaudited</i>	2003 <i>US\$'000</i> <i>unaudited</i>	2004 <i>US\$'000</i> <i>unaudited</i>	2003 <i>US\$'000</i> <i>unaudited</i>
BASIC				
Net profit	46,422	51,611	28,241	14,504
Weighted average outstanding ordinary shares in thousands	5,293,202	4,946,489	5,293,181	4,946,279
Basic earnings per share in US cents	0.88	1.04	0.53	0.29
FULLY DILUTED				
Net profit	46,422	51,611	28,241	14,504
Weighted average outstanding ordinary shares in thousands	5,293,202	4,946,489	5,293,181	4,946,279
Effect of dilutive ordinary shares in thousands	438,915	4,223	438,614	198
Weighted average outstanding ordinary shares after assuming dilution in thousands	5,732,117	4,950,712	5,731,795	4,946,477
Fully diluted earnings per share in US cents	0.81	1.04	0.49	0.29

8. OTHER ASSETS

	As at	
	30 September 2004 <i>US\$'000</i> <i>unaudited</i>	31 December 2003 <i>US\$'000</i> <i>audited</i>
Loans, convertible bonds and US\$250 million Senior Notes issuance costs	56,022	25,704
Software development costs, net	15,434	13,164
Others	1,279	821
	72,735	39,689

Notes to the Accounts (Continued)

9. TRADE RECEIVABLES

	As at	
	30 September 2004 <i>US\$'000</i> <i>unaudited</i>	31 December 2003 <i>US\$'000</i> <i>audited</i>
Trade receivables	18,652	22,501
Less: Provisions	(3,831)	(5,078)
	<u>14,821</u>	<u>17,423</u>

At 30 September 2004 and 31 December 2003, the ageing analysis of the trade receivables was as follows:

	As at	
	30 September 2004 <i>US\$'000</i> <i>unaudited</i>	31 December 2003 <i>US\$'000</i> <i>audited</i>
Current to 30 days	5,693	11,231
31 days to 60 days	2,264	4,420
61 days to 120 days	2,237	2,413
121 days to 180 days	2,159	1,434
181 days to 360 days	4,983	1,820
Over 360 days	1,316	1,183
	<u>18,652</u>	<u>22,501</u>

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

10. TRADE CREDITORS

The ageing of trade creditors as at 30 September 2004 and 31 December 2003 were as follows:

	As at	
	30 September 2004 <i>US\$'000</i> <i>unaudited</i>	31 December 2003 <i>US\$'000</i> <i>audited</i>
Current to 60 days	40,463	91,085
61 days to 120 days	4,912	7,289
121 days to 180 days	2,523	155
Over 180 days	1,581	421
	<u>49,479</u>	<u>98,950</u>

Credit terms granted to the Group generally vary from no credit to 45 days credit.

Notes to the Accounts (Continued)

11. LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

		As at	
		30 September 2004 <i>US\$'000</i> <i>unaudited</i>	31 December 2003 <i>US\$'000</i> <i>audited</i>
US\$521.6 million syndicated term loan	(i)	171,734	364,906
US\$626.9 million syndicated term loan	(i)	282,115	564,230
US\$450 million term loan	(i)	182,300	412,500
US\$210 million Pride of Aloha Loan	(i)	—	154,000
US\$623 million Fleet Loan	(iii)	—	403,200
US\$225 million term loan		207,000	225,000
€298 million secured term loan		234,378	149,957
US\$400 million Reducing Revolving Credit Facility	(iii)	373,500	—
US\$334.1 million Norwegian Jewel Loan	(ii)	112,659	—
US\$800 million Loan Facility	(i)	440,000	—
US\$250 million Senior Notes	(i), (iv)	250,000	—
		<hr/>	<hr/>
Total liabilities		2,253,686	2,273,793
Less: Current portion		(140,358)	(1,074,226)
		<hr/>	<hr/>
Long-term portion		2,113,328	1,199,567
		<hr/>	<hr/>

All the above long-term borrowings are denominated in U.S. dollars except €27 million of €298 million secured term loan which is denominated in Euro.

- (i) On 7 July 2004, NCL Corporation Ltd. ("NCLC"), a direct wholly-owned subsidiary of the Company, as borrower signed an agreement for a Secured Credit Facility with a syndicate of banks to provide up to US\$800 million, comprising a term loan facility of US\$300 million and a revolving credit facility of US\$500 million (the "US\$800 million Loan Facility"). The US\$800 million Loan Facility bears interest at rates which varies according to London Interbank Offer Rate ("LIBOR") and will mature on the sixth anniversary of the signing of the loan documentation. The US\$500 million Revolving Credit Facility entered into on 23 April 2004 intended for the re-financing of Norwegian Star, part acquisition of Norwegian Spirit and for general corporate purposes has not been drawn down and has been cancelled in conjunction with the creation of the US\$800 million Loan Facility.

During the three months ended 30 September 2004, the Group drewdown US\$480 million under the US\$800 million Loan Facility and together with the net proceeds from the Senior Notes issue (see note 11 (iv)), repaid the outstanding amount of the Pride of Aloha Loan and loans related to Norwegian Spirit and Norwegian Star as well as partially repaid the US\$450 million term loan. The Group repaid US\$40 million of the US\$800 million Loan Facility during the three months ended 30 September 2004.

The US\$800 million Loan Facility is secured by ship mortgages over Norwegian Spirit, Pride of Aloha and Norwegian Star and guaranteed by the subsidiaries which own these vessels. The facility contains restrictive covenants which require compliance with certain financial ratios.

- (ii) On 20 April 2004, Hull 667 Limited, an indirect wholly-owned subsidiary of the Company, as borrower, secured a term loan of up to US\$334.1 million (the "US\$334.1 million Norwegian Jewel Loan") from a syndicate of banks to part finance the construction of Norwegian Jewel. On the same date, an indirect wholly-owned subsidiary of the Company, Ship Ventures Inc., as borrower, secured a term loan of up to €308.1 million (equivalent to approximately US\$379.5 million based on the exchange rate of US\$1.2319 to €1 as at 30 September 2004, the "€308.1 million Pride of Hawaii Loan") from a syndicate of banks to part finance the construction of Pride of Hawaii.

During the three months ended 30 September 2004, the Group drewdown US\$73.0 million of the US\$334.1 million Norwegian Jewel Loan to pay the shipyard. No amount was drawdown from the €308.1 million Pride of Hawaii Loan during the three months ended 30 September 2004.

The facility under the US\$334.1 million Norwegian Jewel Loan bears interest at a rate, which varies according to LIBOR, is repayable in 24 equal half yearly installments commencing 6 months from the earlier of the delivery date of the Norwegian Jewel or 31 January 2006.

The facility under the €308.1 million Pride of Hawaii Loan bears interest at a rate, which varies according to European Interbank Offer Rate or LIBOR depending on whether amounts under the facility are drawdown in Euro or US dollars. This facility is repayable in 24 equal half yearly installments commencing 6 months from the earlier of the delivery date of the Pride of Hawaii or 10 October 2006.

Notes to the Accounts (Continued)

11. LONG-TERM BORROWINGS (Continued)

- (ii) These facilities are secured by guarantees from NCLC, a charge over the shares of the borrowers and a debenture over the assets of Hull 667 Limited (in relation to the US\$334.1 million Norwegian Jewel Loan only). Prior to delivery, the facilities are secured by first mortgages over Norwegian Jewel and Pride of Hawaii under construction, assignments of the building contracts, assignments of ship insurances and supervision agreements.
- (iii) On 20 April 2004, the Company as borrower signed an agreement for a Reducing Revolving Credit Facility with a syndicate of banks to provide up to US\$400 million ("US\$400 million facility") to refinance the outstanding balance of the US\$623 million Fleet Loan ("Fleet Loan"). On 23 April 2004, the Group drewdown US\$400 million under the US\$400 million facility and together with US\$3.2 million of internally generated funds, repaid the outstanding amount of the Fleet Loan. The US\$400 million facility bears interest at a rate which varies according to LIBOR, and is repayable in 14 equal half yearly installments with a balloon payment due in April 2011.

The US\$400 million facility is secured primarily by a first priority mortgage over and other security relating to certain of the Group's ships and a guarantee given by various wholly-owned subsidiaries of the Company. The guarantee contains undertakings requiring compliance with certain financial ratios.

- (iv) In July 2004, NCLC completed the issue of US\$250 million 10-year Senior Notes ("Senior Notes") due in 2014. The Senior Notes carries interest at a rate of 10.625% per annum payable semi-annually in arrears. On or after 15 July 2009, NCLC may redeem all or a portion of the Senior Notes. NCLC may also redeem up to 35% of the notes using the cash proceeds of certain equity offerings completed before 15 July 2007.

12. CONVERTIBLE BONDS

During the nine months ended 30 September 2004, none of the Convertible Bonds (the "Bonds") were redeemed or purchased by the Company or converted into ordinary shares of the Company.

The net proceeds of approximately US\$176.3 million from the issuance of the Bonds is being used for the acquisition or construction of vessels in line with the Group's strategy to upgrade its fleet, as general working capital and / or for the reduction of outstanding liabilities under certain bank loans of the Group. During the nine months ended 30 September 2004, the Group used approximately US\$58.9 million of the net proceeds to fund the newbuilding programme and for general working capital purposes. As at 30 September 2004, the balance of unapplied proceeds of approximately US\$117.4 million was on deposit with banks.

13. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Golden Hope Limited, a company incorporated in the Isle of Man acting as trustee of the Golden Hope Unit Trust, a private unit trust whose beneficiaries include various discretionary trusts established for the benefit of certain members of Tan Sri Lim Goh Tong's family, is a substantial shareholder of the Company.

Tan Sri Lim Kok Thay, the Chairman, President and Chief Executive Officer of the Group, is a son of Tan Sri Lim Goh Tong.

Kien Huat Development Sdn Bhd ("KHD") is a company in which a brother of Tan Sri Lim Kok Thay has a substantial interest.

Genting Berhad ("GB"), a company in which Tan Sri Lim Kok Thay has a deemed interest and which is listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia"), controls Resorts World Bhd ("RWB"), a company also listed on Bursa Malaysia which in turn indirectly controls Resorts World Limited which is a substantial shareholder of the Company. GB indirectly controls Genting International PLC ("GIPLC"), a company listed on the Luxembourg Stock Exchange.

WorldCard International Limited ("WCIL") is a company in which a subsidiary of each of the Group and GIPLC has a 50% interest.

A description of certain material transactions between the Group and these companies is set out below:

- (a) KHD, together with its related companies, was involved in carrying out improvements to the Group's berthing facilities and other infrastructure facilities. No amounts were charged to the Group in respect of these services for the three months ended 30 September 2004 and 2003 respectively. Amounts charged to the Group in respect of these services for the nine months ended 30 September 2004 and 2003 were approximately US\$12,000 and US\$- respectively.
- (b) GB and its related companies provide certain services to the Group, including treasury services, secretarial services, certain information technology support services and other support services. The Group also purchases air tickets from a subsidiary of RWB. Amounts charged to the Group in respect of these services totalled approximately US\$178,000 and US\$93,000 for the three months ended 30 September 2004 and 2003 respectively and approximately US\$455,000 and US\$540,000 for the nine months ended 30 September 2004 and 2003 respectively.

Notes to the Accounts (Continued)

13. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

- (c) The Group provides certain administrative support services to GIPLC internationally and the amounts charged to GIPLC were approximately US\$15,000 and US\$22,000 for the three months ended 30 September 2004 and 2003 respectively and approximately US\$51,000 and US\$72,000 for the nine months ended 30 September 2004 and 2003 respectively.
- (d) On 19 January 2004, the Group subscribed for 500,000 shares of US\$1 each at par in WCIL and participated as a merchant in the customer loyalty programme known as "WorldCard". WCIL together with its related companies operates and administers the WorldCard programme on an international basis (save as Malaysia). In October 2004, the Group entered into a supplementary agreement whereby the Group was allowed to participate in the WorldCard programme in Malaysia.

In addition, certain agreements were entered into among certain subsidiaries of the Group and RWB and a subsidiary of the GB Group in relation to the implementation of joint promotion and marketing programmes for the purpose of promoting the respective businesses of the Group and the RWB Group.

During the three months and nine months ended 30 September 2004, the following transactions took place:

	Three months ended 30 September 2004 US\$'000 unaudited	Nine months ended 30 September 2004 US\$'000 unaudited
Share of losses from WCIL	(49)	(177)
Amount charged from GB Group to the Group	(58)	(294)
Amount charged to the GB Group by the Group	73	438

Amounts outstanding at the end of each fiscal period in respect of the above transactions are included in the balance sheets within amounts due from / (to) related companies.

14. FINANCIAL INSTRUMENTS

- (i) The Group has several interest rate swaps to convert certain long-term borrowings from a floating rate obligation to a fixed rate obligation. The Group has effectively converted the interest rate of an aggregate US\$430.4 million of term loans to a fixed rate obligation and the notional amount will be reduced six-monthly in varying amounts over periods ranging from 6 to 10 years from the dates of the interest rate swap agreements. As at 30 September 2004, the estimated fair market value of the interest rate swaps was approximately US\$23.8 million, which was unfavourable to the Group. The changes in the fair value of the interest rate swaps were included as a separate component of reserves and recognised in the profit and loss account as the underlying hedged items were recognised.

The Group has a series of 5.5% capped USD LIBOR-in-arrears interest rate swaps with a notional amount of approximately US\$140.8 million to limit its exposure to fluctuations in interest rate movements if rate moves beyond the cap level of 5.5%. The notional amount for each interest period will be reduced six-monthly in varying amounts over 5 years from August 2003. As at 30 September 2004, the estimated fair market value of these interest rate swaps was approximately US\$0.4 million, which was unfavourable to the Group. The changes in the fair value of these interest rate swaps are also included as a separate component of reserves and are recognised in the profit and loss account as the underlying hedged items are recognised.

- (ii) The Group entered into various Singapore dollars forward contracts and the notional amount of these contracts was approximately US\$206.7 million. The notional amount will be reduced six-monthly in varying amounts over periods ranging from 5 to 11 years from the dates of the contracts. As at 30 September 2004, the estimated fair market value of these forward contracts was approximately US\$5.0 million, which was favourable to the Group. The changes in the fair value of these forward contracts were recognised as other income in the profit and loss account.
- (iii) The Group entered into a series of monthly forward contracts to buy US dollars against Hong Kong dollars. The notional amount of these forward contracts was approximately US\$60.7 million and will be reduced monthly in fixed amounts maturing within 3 years from December 2002. As at 30 September 2004, the estimated fair market value of these contracts was approximately US\$0.3 million, which was unfavourable to the Group. The changes in the fair value of these forward contracts were recognised as other expense in the profit and loss account.

Notes to the Accounts (Continued)

14. FINANCIAL INSTRUMENTS (Continued)

- (iv) The Group had forward contracts maturing every two months up to April 2004 with a total notional amount of US\$160.7 million which were originally designated as a hedge against the Euro denominated currency shipbuilding commitments on the construction of the Pride of America vessel. As a result of the Pride of America incident, where the vessel took on excessive amounts of water and partially sank during a severe storm while under construction at the Lloyd Werft Bremerhaven shipyard in Germany causing a delay in the completion of the ship, the hedge became ineffective as at 14 January 2004. These forward contracts matured in April 2004 and the Group recognised a loss of US\$1.5 million in the nine months ended 30 September 2004.

The Group then entered into two forward contracts maturing in July 2004 for total notional amounts of US\$92.1 million and €78.2 million. These forward contracts matured in July 2004 and the Group recognised a loss of US\$2.1 million in the nine months ended 30 September 2004.

The fair values of these instruments have been estimated using public market prices or quotes from reputable financial institutions. The Group had no significant concentrations of credit risk as at 30 September 2004 other than deposits of cash with reputable financial institutions.

15. CAPITAL COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure

The Group had the following commitments as at 30 September 2004 and 31 December 2003:

	As at	
	30 September 2004 US\$'000 <i>unaudited</i>	31 December 2003 US\$'000 <i>audited</i>
Contracted but not provided for		
- Cruise ships and other related costs	734,165	995,955
	<u>734,165</u>	<u>995,955</u>

(ii) Material Litigation

There were no material updates to the information disclosed in the Group's annual report for the year ended 31 December 2003 and the interim reports for the three months ended 31 March 2004 and the three months and six months ended 30 June 2004.

(iii) Other Commitments

In June 2004, NCLC entered into a contract with the City of New York pursuant to which NCLC will receive preferential berths on specific piers in New York City's cruise terminals. In return, NCLC has committed to bring a specified volume of passenger throughput to New York City between 2005 and 2018. New York City has also committed to modernise and renovate its cruise terminal facilities.

This commitment together with commitments over various time periods in certain other ports, results in the following total contractual obligations for usage of port facilities:

	As at 30 September 2004 US\$'000 <i>unaudited</i>
Within one year	13,610
In the second and fifth year inclusive	47,304
After the fifth year	69,016
	<u>129,930</u>

Interim Dividend

The Directors do not recommend the declaration of any interim dividend in respect of the nine months ended 30 September 2004.

Management's Discussion and Analysis

Three months ended 30 September 2004 as compared with three months ended 30 September 2003

Turnover

The Group's revenue for the three months ended 30 September 2004 was US\$478.7 million, an increase of 9.4% from US\$437.5 million for the three months ended 30 September 2003 despite a decrease in capacity of 3.9%. Net revenue increased by 6.4%. Net revenue represents revenue less air ticket costs, travel agent commissions and other direct costs (all of which are included in operating expenses). Net revenue yield for the three months ended 30 September 2004 increased 10.8% as compared with the same quarter of 2003 primarily due to higher net revenue per diem and higher occupancy levels. Net revenue yield is defined as net revenue per capacity day. Occupancy level increased to 107.7% for the three months ended 30 September 2004 from 100.4% for the three months ended 30 September 2003.

Star Cruises Asia Pacific operated with 41.2% lower capacity days in the three months ended 30 September 2004 as compared to the three months ended 30 September 2003. The lower capacity was mainly a result of the disposal of m.v. SuperStar Capricorn and m.v. SuperStar Aries in February 2004 and April 2004 respectively as well as the transfer of m.v. SuperStar Leo (renamed m.v. Norwegian Spirit) to NCLC Group in May 2004. Net revenue yield was 43.2% higher as compared with the third quarter of 2003 and 25.3% higher as compared with the same period in 2002. The higher net revenue yield was driven mainly by higher occupancies and improved onboard revenues. Occupancy level increased to 102.2% in the third quarter of 2004 from 85.1% in the same quarter of 2003, which saw the tail end impact of Severe Acute Respiratory Syndrome ("SARS"). As a comparison, third quarter of 2002 recorded an occupancy of 95.9%.

NCLC Group recorded an increase in capacity days of 11.7% for the three months ended 30 September 2004 as compared to the three months ended 30 September 2003. The higher capacity was attributed to m.v. Norwegian Spirit which entered the NCL fleet in May 2004. Net revenue yield was 2.3% higher as compared with the same quarter of 2003. Occupancy level increased to 108.9% in the third quarter of 2004 from 106.8% in the same quarter of 2003.

Costs and expenses

Total costs and expenses before interest and non-operating items for the three months ended 30 September 2004 amounted to US\$398.8 million as compared with US\$360.8 million for the three months ended 30 September 2003.

Operating expenses increased by US\$40.5 million from US\$253.5 million for the three months ended 30 September 2003 to US\$294.0 million for the three months ended 30 September 2004. Included in operating expenses for the three months ended 30 September 2003 was proceeds from the loss of hire coverage net of related expenses of US\$9.2 million arising from s/s Norway boiler accident. Ship operating expenses (excluding costs such as travel agent commissions, air tickets and other direct costs as they are already included in the net revenue calculation) was 7.3% higher as compared with the same period in 2003. On a per capacity day basis, ship operating expenses were 11.6% higher as compared with the third quarter of 2003.

On a per capacity day basis, ship operating expenses for Star Cruises Asia Pacific increased 14.7% in the third quarter of 2004 as compared with the same quarter in 2003 as a result of higher crew payroll expenses. Ship operating expenses per capacity day for NCLC Group rose by 9.8% primarily due to operational challenges during the start-up of m.v. Pride of Aloha in Hawaii and higher than budgeted manning costs on that ship. Ship operating expenses excluding m.v. Pride of Aloha rose by 2.4% per capacity day.

Selling, general and administrative (SG&A) expenses increased 9.3% on a per capacity day basis as compared with the third quarter of 2003. The negative scale economy arising from the reduction in capacity and the additional shoreside expenses in Hawaii pushed the SG&A expenses on a per capacity day basis up.

Depreciation and amortisation expenses decreased by US\$5.3 million to US\$44.7 million for the three months ended 30 September 2004 as compared with US\$50.0 million for the three months ended 30 September 2003 mainly as a result of the disposal of m.v. SuperStar Capricorn and m.v. SuperStar Aries as well as the reduced depreciation of s/s Norway.

Management's Discussion and Analysis *(Continued)*

Operating profit

Operating profit for the three months ended 30 September 2004 was US\$79.9 million, as compared to US\$76.7 million for the three months ended 30 September 2003.

Non-operating income / (expense)

Non-operating expenses increased by 36.4% to US\$33.5 million for the three months ended 30 September 2004 as compared with US\$24.6 million for the three months ended 30 September 2003. During the three months ended 30 September 2004, the Group had a non-cash loss on foreign exchange amounting to US\$0.2 million as compared to a non-cash loss on foreign exchange of US\$1.3 million in the third quarter of 2003. Interest expense, net of interest income and capitalised interest increased by 43.4% to US\$32.0 million for the three months ended 30 September 2004 as compared with US\$22.3 million for the three months ended 30 September 2003 as the result of the higher average outstanding debts and higher interest rates. Capitalised interest was US\$3.0 million for the three months ended 30 September 2004 as compared with US\$1.1 million for the three months ended 30 September 2003.

Profit before taxation

Profit before taxation for the three months ended 30 September 2004 was US\$46.4 million as compared to US\$52.2 million for the three months ended 30 September 2003.

Taxation

The Group has a taxation benefit of US\$0.04 million for the three months ended 30 September 2004 as compared with taxation expenses of US\$0.6 million for the same period in 2003 mainly due to overprovision of shipping income in respect of prior periods.

Net profit attributable to shareholders

As a result, the Group recorded a net profit attributable to shareholders of US\$46.4 million for the three months ended 30 September 2004.

Liquidity and capital resources

Sources and uses of funds

The majority of the Group's cash and cash equivalents are held in U.S. dollars. For the three months ended 30 September 2004, cash and cash equivalents decreased to US\$247.4 million from US\$314.2 million as at 30 June 2004. The Group's business provided US\$47.0 million of net cash from operations for the three months ended 30 September 2004 as compared to US\$30.5 million for the three months ended 30 September 2003. The increase in net cash generated from operations was primarily a result of the changes in operating liabilities during the quarter as compared to the same quarter of 2003.

During the three months ended 30 September 2004, the Group's capital expenditure was approximately US\$181.1 million. Approximately US\$164.2 million of the capital expenditure was related to capacity expansion. The remaining expenditure was for vessel refurbishments and onboard assets.

In July 2004, the Group drewdown US\$480 million under the US\$800 million Loan Facility and together with US\$250 million from the Senior Notes issue, repaid the outstanding amount of the Pride of Aloha Loan and loans related to Norwegian Spirit and Norwegian Star as well as partially repaid the US\$450 million term loan. The Group made principal repayments of US\$84.1 million in relation to its long-term borrowings during the three months ended 30 September 2004. The Group drewdown a total of US\$156.9 million under both the US\$334.1 million Norwegian Jewel Loan and the €298 million secured term loan for the construction of Norwegian Jewel and Pride of America respectively.

During the three months ended 30 September 2004, the restricted cash of approximately US\$7.2 million was released to NCLC by the bankcard processor. The restricted cash was approximately US\$29.4 million as at 30 September 2004.

Management's Discussion and Analysis *(Continued)*

Nine months ended 30 September 2004 as compared with nine months ended 30 September 2003

Turnover

The Group's revenue for the nine months ended 30 September 2004 was US\$1,246.3 million, increased by 2.3% from US\$1,218.2 million for the nine months ended 30 September 2003 despite a reduction in capacity of 8.3%. Net revenue increased by 2.8%. Net revenue yield for the nine months ended 30 September 2004 increased by 12.1% as compared with the same period of 2003. Occupancy for the nine months ended 30 September 2004 was 103.7%, up from 95.7% for the same period in 2003. The Group's performance for the nine months ended 30 September 2003 was severely affected by the impact from the Iraq conflict and the outbreak of SARS.

Star Cruises Asia Pacific operated with 24.8% lower capacity days in the nine months ended 30 September 2004 as compared to the nine months ended 30 September 2003. Net revenue yield was 32.7% higher as compared with the nine months ended 30 September 2003 and 13.5% higher as compared with the same period in 2002. Occupancy for the nine months ended 30 September 2004 was 94.5%, up from 73.9% and 85.7% for the same period in 2003 and 2002 respectively.

NCLC Group recorded a decrease in capacity days of 1.8% for the nine months ended 30 September 2004 as compared to the nine months ended 30 September 2003. Although m.v. Norwegian Spirit joined the fleet in mid-May 2004, the s/s Norway had been in service through to mid-May 2003 and so the two roughly equal sized ships have cancelled each other out in terms of capacity. Net revenue yield was 5.9% higher as compared with the same period of 2003. Occupancy for the nine months ended 30 September 2004 was 106.5%, up from 104.3% for the same period in 2003.

Costs and expenses

Total costs and expenses before interest and non-operating items for the nine months ended 30 September 2004 amounted to US\$1,131.0 million as compared with US\$1,129.5 million for the nine months ended 30 September 2003.

Operating expenses increased by US\$2.8 million from US\$799.2 million for the nine months ended 30 September 2003 to US\$802.0 million for the nine months ended 30 September 2004. Included in the operating expenses for the nine months ended 30 September 2004 was US\$4.3 million custom fines on Norwegian Star resulting from necessary alteration to the ship's Hawaii / Fanning Island itinerary in response to a problem with the ship's Azipod propulsion system. Included in the operating expenses for the nine months ended 30 September 2003 was the US\$5.3 million of net insurance proceeds related to the s/s Norway boiler accident. Ship operating expenses was 1.9% lower as compared with the same period in 2003. On a per capacity day basis, ship operating expenses were 7.0% higher as compared with the first nine months of 2003, with both Star Cruises Asia Pacific and NCLC Group recorded an increase of 3.1% and 8.1% respectively. Ship operating expenses per capacity day for NCLC Group rose 8.1% primarily due to the build up of the US flag operation. Ship operating expenses excluding the US flag build-up were up by 2.5% per capacity day for NCLC Group.

SG&A expenses increased by 13.8% on a per capacity day basis as compared with the nine months ended 30 September 2003. The increase has been driven in part by the shoreside costs of the new Honolulu operation and, during the early part of the year, by TV advertising campaigns in California and New York to support the new Hawaii operation and the year-round New York operation. Both of these markets are targeted for considerable growth in NCL future deployment and the decision was taken to commence the investment in consumer marketing this year in advance of the build-up. In the nine months ended 30 September 2003, the Group incurred charges to streamline the Asia Pacific operations and advertised heavily the two megaships, m.v. SuperStar Leo and m.v. SuperStar Virgo in Australia.

Depreciation and amortisation expenses decreased by US\$9.2 million to US\$138.1 million for the nine months ended 30 September 2004 as compared with US\$147.3 million for the nine months ended 30 September 2003 as a result of the disposal of two ships mentioned above and reduced depreciation for s/s Norway.

Operating profit

Operating profit increased by US\$26.7 million to US\$115.4 million for the nine months ended 30 September 2004 as compared with US\$88.7 million for the nine months ended 30 September 2003.

Non-operating income / (expense)

Non-operating expenses increased by 18.5% to US\$86.5 million for the nine months ended 30 September 2004 as compared with US\$73.0 million for the nine months ended 30 September 2003. During the nine months ended 30 September 2004, the Group had a non-cash loss on foreign exchange amounting to US\$7.5 million as compared to a non-cash gain on foreign exchange of US\$1.9 million in the first nine months of 2003. The non-cash loss resulted primarily from the strengthening of the Singapore dollar and Euro against the US dollar during the period. Interest expense, net of interest income and capitalised interest increased to US\$75.7 million for the nine months ended 30 September 2004 from US\$68.3 million for the same period in 2003. Interest expenses were higher primarily due to higher average outstanding debts and higher interest rates. Capitalised interest for the nine months ended 30 September 2004 was US\$6.3 million as compared with US\$1.1 million for the nine months ended 30 September 2003.

Management's Discussion and Analysis *(Continued)*

Profit before taxation

Profit before taxation for the nine months ended 30 September 2004 was US\$28.9 million as compared to US\$15.8 million for the nine months ended 30 September 2003.

Taxation

The Group incurred taxation expenses of US\$0.7 million for the nine months ended 30 September 2004 as compared to US\$1.3 million for the nine months ended 30 September 2003. The lower taxation expenses in the nine months ended 30 September 2004 was mainly a result of overprovision of shipping income of prior periods.

Net profit attributable to shareholders

As a result, the Group recorded a net profit attributable to shareholders of US\$28.2 million for the nine months ended 30 September 2004.

Liquidity and capital resources

Sources and uses of funds

For the nine months ended 30 September 2004, cash and cash equivalents decreased to US\$247.4 million from US\$377.0 million as at 31 December 2003. The Group's business provided US\$208.1 million of net cash from operations for the nine months ended 30 September 2004 as compared to US\$107.8 million for the nine months ended 30 September 2003. The increase in net cash generated from operations was primarily due to an increase in advance ticket sales during the period.

During the nine months ended 30 September 2004, the Group's capital expenditure was approximately US\$330.6 million. Approximately US\$270.0 million of the capital expenditure was related to capacity expansion. The remaining of the expenditure was for vessel refurbishments and onboard assets. During the nine months ended 30 September 2004, the Group received net proceeds of approximately US\$60.4 million from the disposal of m.v. SuperStar Capricorn and m.v. SuperStar Aries.

In April 2004, the Group refinanced the outstanding balance of US\$403.2 million of the US\$623 million Fleet Loan through a drawdown of US\$400 million Reducing Revolving Credit Facility. In July 2004, the Group drewdown US\$480 million under the US\$800 million Loan Facility and together with US\$250 million from the Senior Notes issue, repaid the outstanding amount of the Pride of Aloha Loan and loans related to Norwegian Spirit and Norwegian Star as well as partially repaid the US\$450 million term loan. The Group made principal repayments of US\$218.8 million in relation to its long-term borrowings during the nine months ended 30 September 2004. The Group drewdown a total of US\$197.1 million under the US\$334.1 million Norwegian Jewel Loan and the €298 million secured term loan for construction of the ships, Norwegian Jewel and Pride of America respectively. Restricted cash decreased approximately US\$1.3 million during the nine months ended 30 September 2004 and was at approximately US\$29.4 million as at 30 September 2004.

Corporate reorganisation

Starting in late 2003, the Group undertook a reorganisation of the Norwegian Cruise Line and Orient Lines businesses within the Group. The reorganisation, which closed on 23 April 2004, was intended to increase the financial self-sufficiency of NCL's business, allowing NCL to raise general and ship-specific financing without guarantees or other financial assistance from the Company and to facilitate the renewal of NCL's fleet as newly-built ships are placed into service. In addition, NCLC Group transferred six of its ships to the Company's subsidiaries at their net book values along with US\$403.2 million of secured indebtedness associated with these ships. After the transfer, NCL entered into arrangements with the Company's subsidiaries to charter these six ships for periods ranging from one to six years to continue operating them under Norwegian Cruise Line and Orient Lines brands.

Prospects

For the remainder of 2004, the Group will continue to focus on its programme to further improve yield and occupancies. m.v. SuperStar Gemini has returned to the Straits of Malacca, Malaysia in October 2004 and the bookings have been encouraging thus far.

Other than as disclosed above and elsewhere in this interim report, 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 2003 and the interim reports for the three months ended 31 March 2004 and the three months and six months ended 30 June 2004.

Interests of Directors

As at 30 September 2004, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of the Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") and in accordance with information received by the Company were as follows:

(A) Interests in the shares of the Company

	Personal interests	Number of ordinary shares (Notes)			Total	Percentage of issued ordinary shares
		Family interests	Corporate interests	Other interests		
Tan Sri Lim Kok Thay	8,068,977	4,599,245,708	1,952,619,759	4,570,887,811	4,607,314,685	87.042
		(1)	(2)	(3 and 4)	(5)	
Mr. Chong Chee Tut	456,205	—	—	—	456,205	0.009
Mr. William Ng Ko Seng	228,229	—	—	—	228,229	0.004
Mr. David Colin Sinclair Veitch	335,445	—	—	—	335,445	0.006

Notes:

1. Tan Sri Lim Kok Thay ("Tan Sri KT Lim") has a family interest in 4,599,245,708 ordinary shares (comprising (i) the same block of 1,908,561,862 ordinary shares directly held by Resorts World Limited ("RWL"), the same block of 15,700,000 ordinary shares directly held by Genting Overseas Holdings Limited ("GOHL") and the same block of 2,646,625,949 ordinary shares directly or indirectly held by Golden Hope Limited ("Golden Hope") as trustee of Golden Hope Unit Trust ("GHUT") in which his child and his wife, Puan Sri Wong Hon Yee ("Puan Sri Wong") have deemed interests and (ii) the same block of 28,357,897 ordinary shares directly held by Goldsfine Investments Ltd. ("Goldsfine") in which Puan Sri Wong has a corporate interest).
2. Tan Sri KT Lim is also deemed to have a corporate interest in 1,952,619,759 ordinary shares (comprising (i) the same block of 1,908,561,862 ordinary shares directly held by RWL and the same block of 15,700,000 ordinary shares directly held by GOHL by virtue of his interests in a chain of corporations holding RWL and GOHL (details of the percentage interests in such corporations are set out in the section headed "Interests of Substantial Shareholders") and (ii) the same block of 28,357,897 ordinary shares directly held by Goldsfine in which each of Tan Sri KT Lim and Puan Sri Wong holds 50% of its issued share capital).
3. Tan Sri KT Lim as founder and a beneficiary of two discretionary trusts, has a deemed interest in 4,570,887,811 ordinary shares (comprising the same block of 1,908,561,862 ordinary shares directly held by RWL, the same block of 15,700,000 ordinary shares directly held by GOHL and the same block of 2,646,625,949 ordinary shares directly or indirectly held by Golden Hope as trustee of GHUT).
4. Out of the same block of 2,646,625,949 ordinary shares directly or indirectly held by Golden Hope as trustee of GHUT, 299,600,000 ordinary shares are pledged shares.
5. There is no duplication in arriving at the total interest.
6. All the above interests represent long positions in the shares of the Company and exclude those in the underlying shares through share options or equity derivatives. Interests of the respective Directors set out in this subsection (A) need to be aggregated with their interests in the underlying shares through share options or equity derivatives of the Company set out in subsection (B) below in order to give the total interests of the respective Directors in the Company pursuant to the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of Directors (Continued)

(B) Interests in the underlying shares of the Company through share options or equity derivatives

Share options are granted to the Directors under The Star Cruises Employees Share Option Scheme adopted by the Company on 16 April 1997 prior to the listing of its ordinary shares on the Stock Exchange (the "Pre-listing Employee Share Option Scheme") and the share option scheme adopted by the Company on 23 August 2000 (as effected on 30 November 2000 and amended on 22 May 2002) (the "Post-listing Employee Share Option Scheme").

As at 30 September 2004, the Directors had personal interests in the following underlying shares of the Company held through share options granted under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme:

	Number of underlying ordinary shares	Percentage of issued ordinary shares
Tan Sri Lim Kok Thay	16,467,300	0.311
Mr. Chong Chee Tut	1,904,108	0.036
Mr. William Ng Ko Seng	1,433,265	0.027
Mr. David Colin Sinclair Veitch	3,293,460	0.062

Further details of share options granted to the Directors under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme are set out in the section headed "Share Options" below.

These interests in share options represent long positions in the underlying shares in respect of physically settled derivatives of the Company. Interests of the respective Directors set out in this subsection (B) need to be aggregated with their interests in the shares of the Company set out in subsection (A) above in order to give the total interests of the respective Directors in the Company pursuant to the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(C) Interests in the shares of WorldCard International Limited, an associated corporation of the Company

	Personal interests	Number of ordinary shares (Notes)			Total	Percentage of issued ordinary shares
		Family interests	Corporate interests	Other interests		
Tan Sri Lim Kok Thay	—	1,000,000 (1)	1,000,000 (2)	1,000,000 (3)	1,000,000 (4)	100

Notes:

1. Tan Sri KT Lim has a family interest in 1,000,000 ordinary shares (comprising (i) the same block of 500,000 ordinary shares directly held by Star Cruise (C) Limited ("SCC") and (ii) the same block of 500,000 ordinary shares directly held by Calidone Limited ("Calidone"), in both of which his child and his wife, Puan Sri Wong have deemed interests). As at 30 September 2004, SCC was a wholly-owned subsidiary of the Company which in turn was directly held by RWL as to 36.06% while Calidone was a wholly-owned subsidiary of Genting International PLC (a company listed on the Luxembourg Stock Exchange) which in turn was a 64.3% owned subsidiary of Genting Berhad through its wholly-owned subsidiary, namely GOHL.
2. Tan Sri KT Lim is also deemed to have a corporate interest in 1,000,000 ordinary shares (comprising (i) the same block of 500,000 ordinary shares directly held by SCC by virtue of his interest in a chain of corporations holding SCC (details of the percentage interests in such corporations are set out in Note (1) above and the section headed "Interests of Substantial Shareholders") and (ii) the same block of 500,000 ordinary shares directly held by Calidone by virtue of his interest in a chain of corporations holding Calidone (details of the percentage interests in such corporations are set out in Note (1) above and the section headed "Interests of Substantial Shareholders").
3. Tan Sri KT Lim as founder and a beneficiary of two discretionary trusts, has a deemed interest in 1,000,000 ordinary shares (comprising the same block of 500,000 ordinary shares directly held by SCC and the same block of 500,000 ordinary shares directly held by Calidone).
4. There is no duplication in arriving at the total interest.
5. All the above interests represent long positions in the shares of WorldCard International Limited.

Interests of Directors (Continued)

(D) Interests in subsidiaries of the Company

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

Save as disclosed above and in the sections headed "Share Options" and "Interests of Substantial Shareholders" below:

- (a) as at 30 September 2004, none of the Directors or the Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and
- (b) at no time during the period was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares, underlying shares or debentures in the Company or any other body corporate.

Share Options

Details of the Company's Pre-listing Employee Share Option Scheme and Post-listing Employee Share Option Scheme are set out in the published annual report of the Company for the year ended 31 December 2003. Share Options are granted to certain Directors of the Company and employees of the Group under the said schemes. Details of the movement in the share options granted under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme during the period and outstanding as at 30 September 2004 are as follows:

(A) Pre-listing Employee Share Option Scheme

	Number of options outstanding at 1/7/2004	Number of shares acquired upon exercise of options during the interim period	Number of options lapsed during the interim period	Number of options cancelled during the interim period	Number of options outstanding at 30/9/2004	Date granted	Exercise price per share	Exercisable Period
Tan Sri Lim Kok Thay (Director)	1,829,700	—	(609,900)	—	1,219,800	25/5/1998	US\$0.2686	21/8/1999 - 20/8/2005
	3,537,420	—	—	—	3,537,420	24/3/1999	US\$0.2686	24/3/2002 - 23/3/2009
	1,341,780	—	—	—	1,341,780	24/3/1999	US\$0.4206	24/3/2002 - 23/3/2009
	1,219,800	—	—	—	1,219,800	23/10/2000	US\$0.2686	23/10/2003 - 22/8/2010
	3,537,420	—	—	—	3,537,420	16/11/2000	US\$0.2686	24/3/2002 - 23/3/2009
	1,341,780	—	—	—	1,341,780	16/11/2000	US\$0.4206	24/3/2002 - 23/3/2009
	304,950	—	—	—	304,950	16/11/2000	US\$0.2686	23/10/2003 - 22/8/2010
	13,112,850	—	(609,900)	—	12,502,950			
Mr. Chong Chee Tut (Director)	135,398	—	—	—	135,398	25/5/1998	US\$0.2686	20/12/2000 - 19/12/2005
	60,990	—	—	—	60,990	25/5/1998	US\$0.4206	23/6/2000 - 22/6/2007
	414,732	—	—	—	414,732	24/3/1999	US\$0.2686	24/3/2002 - 23/3/2009
	73,188	—	—	—	73,188	24/3/1999	US\$0.4206	24/3/2002 - 23/3/2009
	585,504	—	—	—	585,504	23/10/2000	US\$0.2686	23/10/2003 - 22/8/2010
	24,396	—	—	—	24,396	23/10/2000	US\$0.4206	23/10/2003 - 22/8/2010
	1,294,208	—	—	—	1,294,208			
Mr. William Ng Ko Seng (Director)	137,228	—	(45,743)	—	91,485	25/5/1998	US\$0.2686	21/8/2000 - 20/8/2005
	24,396	—	—	—	24,396	24/3/1999	US\$0.2686	24/3/2002 - 23/3/2009
	97,584	—	—	—	97,584	24/3/1999	US\$0.4206	24/3/2002 - 23/3/2009
	463,524	—	—	—	463,524	23/10/2000	US\$0.2686	23/10/2003 - 22/8/2010
	24,396	—	—	—	24,396	23/10/2000	US\$0.4206	23/10/2003 - 22/8/2010
	747,128	—	(45,743)	—	701,385			
Mr. David Colin Sinclair Veitch (Director)	1,219,800	—	—	—	1,219,800	7/1/2000	US\$0.4206	7/1/2003 - 6/1/2010

Share Options (Continued)

(A) Pre-listing Employee Share Option Scheme (Continued)

	Number of options outstanding at 1/7/2004	Number of shares acquired upon exercise of options during the interim period	Number of options lapsed during the interim period	Number of options cancelled during the interim period	Number of options outstanding at 30/9/2004	Date granted	Exercise price per share	Exercisable Period
All other employees	4,244,907	—	(988,041)	—	3,256,866	25/5/1998	US\$0.2686	21/8/1999 - 20/8/2005
	62,210	—	—	—	62,210	25/5/1998	US\$0.2686	20/12/2000 - 19/12/2005
	121,980	—	—	—	121,980	25/5/1998	US\$0.2686	11/3/2000 - 10/3/2007
	512,316	—	—	—	512,316	25/5/1998	US\$0.4206	23/6/2000 - 22/6/2007
	2,711,005	—	—	(97,584)	2,613,421	25/5/1998	US\$0.4206	6/1/2000 - 5/1/2007
	14,076,682	—	—	(347,279)	13,729,403	24/3/1999	US\$0.2686	24/3/2002 - 23/3/2009
	7,866,634	—	—	(228,470)	7,638,164	24/3/1999	US\$0.4206	24/3/2002 - 23/3/2009
	9,149	—	—	—	9,149	24/3/1999	US\$0.4206	24/3/2003 - 23/3/2005
	949,184	—	—	(21,164)	928,020	30/6/1999	US\$0.2686	30/6/2002 - 29/6/2009
	1,910,940	—	—	(51,414)	1,859,526	30/6/1999	US\$0.4206	30/6/2002 - 29/6/2009
	2,367,510	—	—	(54,891)	2,312,619	23/10/2000	US\$0.2686	23/10/2003 - 22/8/2010
	3,209,138	—	—	(134,178)	3,074,960	23/10/2000	US\$0.4206	23/10/2003 - 22/8/2010
	38,041,655	—	(988,041)	(934,980)	36,118,634			
Grand Total	54,415,641	—	(1,643,684)	(934,980)	51,836,977			

The outstanding share options under the Pre-listing Employee Share Option Scheme vest over a period of 10 years following their respective original dates of grant and generally became exercisable as to 20% and 30% of the amount granted 3 years and 4 years after the grant date, with the remaining options exercisable annually in equal tranches over the remaining option period, subject to further terms and conditions set out in the relevant offer letters and provisions of the Pre-listing Employee Share option Scheme.

Share Options (Continued)

(B) Post-listing Employee Share Option Scheme

	Number of options outstanding at 1/7/2004	Number of options granted on 23/8/2004 ¹	Number of shares acquired upon exercise of options during the interim period	Number of options lapsed during the interim period	Number of options cancelled during the interim period	Number of options outstanding at 30/9/2004	Date granted	Exercise price per share	Exercisable Period
Tan Sri Lim Kok Thay (Director)	3,964,350	—	—	(594,653)	—	3,369,697	19/8/2002	HK\$2.9944	20/8/2004 - 19/8/2012
	—	594,653	—	—	—	594,653	23/8/2004	HK\$1.7240 ²	24/8/2006 - 23/8/2014
	3,964,350	594,653	—	(594,653)	—	3,964,350			
Mr. Chong Chee Tut (Director)	609,900	—	—	(91,485)	—	518,415	19/8/2002	HK\$2.9944	20/8/2004 - 19/8/2012
	—	91,485	—	—	—	91,485	23/8/2004	HK\$1.7240 ²	24/8/2006 - 23/8/2014
	609,900	91,485	—	(91,485)	—	609,900			
Mr. William Ng Ko Seng (Director)	731,880	—	—	(109,782)	—	622,098	19/8/2002	HK\$2.9944	20/8/2004 - 19/8/2012
	—	109,782	—	—	—	109,782	23/8/2004	HK\$1.7240 ²	24/8/2006 - 23/8/2014
	731,880	109,782	—	(109,782)	—	731,880			
Mr. David Colin Sinclair Veitch (Director)	2,439,600	—	—	(365,940)	—	2,073,660	19/8/2002	HK\$2.9944	20/8/2004 - 19/8/2012
	—	365,940	—	—	—	365,940	23/8/2004	HK\$1.7240 ²	24/8/2006 - 23/8/2014
	2,439,600	365,940	—	(365,940)	—	2,439,600			
All other employees	86,377,644	—	—	(15,660,662)	—	70,716,982	19/8/2002	HK\$2.9944	20/8/2004 - 19/8/2012
	792,870	—	—	—	—	792,870	8/9/2003	HK\$2.9944	9/9/2005 - 8/9/2013
	—	12,516,065	—	—	—	12,516,065	23/8/2004	HK\$1.7240 ²	24/8/2006 - 23/8/2014
	87,170,514	12,516,065	—	(15,660,662)	—	84,025,917			
Grand Total	94,916,244	13,677,925	—	(16,822,522)	—	91,771,647			

Notes:

1. The offer of share options made on 23 August 2004 is valid for acceptance within a period of 3 months from 23 August 2004 to 22 November 2004.
2. The closing price per share quoted on The Stock Exchange of Hong Kong Limited on 20 August 2004, the trading day immediately before the date on which the options were granted was HK\$1.71.

HK\$: Hong Kong dollars, the lawful currency of Hong Kong

The Group accounts for non-cash compensation expense in respect of share options issued to directors and employees based on the excess, if any, of the quoted market price of the share at the date of grant over the exercise price of the option. The excess, if any, is treated as additional paid-in-capital and is recognised as an expense over the option periods. No compensation expense was recorded for the option granted to certain directors and employees on 23 August 2004, as the exercise price of the options was more than the quoted market price of the Company's shares on the grant date.

The Group used the extended binomial option pricing model to estimate the fair value of these options. The binomial pricing model, which is one of the commonly used models in estimating fair value of an option, requires input that are highly subjective assumptions. Such subjective assumptions include the volatility of the share price, expected dividend per share, risk-free interest rate and expected option life and accordingly, any change in the variables so adopted may materially affect the estimation of the fair value of an option. The extended binomial options pricing model, therefore, does not necessarily provide a reliable measure of the fair value of the share options.

Share Options (Continued)

(B) Post-listing Employee Share Option Scheme (Continued)

Using the extended binomial option pricing model with the following assumptions, the estimated fair value of the options granted on 23 August 2004 was US\$0.17 per share:

Risk-free interest rate	3.96%
Expected option life (in years)	10
Expected volatility	49.71%
Expected dividend per share	—

Other than the share options granted on 23 August 2004 under the Post-listing Employee Share Option Scheme which become exercisable in part or in full for a period of eight years commencing from two years after the date of offer, the outstanding share options under the Post-listing Employee Share Option Scheme vest in seven tranches over a period of ten years from their respective dates of offer and become exercisable as to 30% and 20% of the amount granted commencing from two years and three years respectively after the dates of offer, with the remaining options exercisable annually in equal tranches of 10% commencing in each of the following years. All the outstanding share options under the Post-listing Employee Share Option Scheme are subject to further terms and conditions set out in the relevant offer letters and provisions of the Post-listing Employee Share Option Scheme.

Interests of Substantial Shareholders

As at 30 September 2004, the following persons (other than the Directors or the Chief Executive of the Company) had interests or short positions in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register required to be kept under section 336 of the SFO and in accordance with information received by the Company:

(A) Interests in the shares of the Company

Name of shareholder (Notes)	Direct/Personal interests	Number of ordinary shares (Notes)			Total	Percentage of issued ordinary shares
		Family interests	Corporate interests	Other interests		
Parkview Management Sdn Bhd (as trustee of a discretionary trust) (1)	—	—	1,924,261,862 (10)	1,924,261,862 (12)	1,924,261,862 (21)	36.35
Kien Huat Realty Sdn Bhd (2)	—	—	1,924,261,862 (10)	—	1,924,261,862	36.35
Genting Berhad (3)	—	—	1,924,261,862 (10)	—	1,924,261,862	36.35
Resorts World Bhd (4)	—	—	1,908,561,862 (11)	—	1,908,561,862	36.06
Sierra Springs Sdn Bhd (5)	—	—	1,908,561,862 (11)	—	1,908,561,862	36.06
Resorts World Limited (5)	1,908,561,862	—	—	—	1,908,561,862	36.06
GZ Trust Corporation (as trustee of a discretionary trust) (6)	—	—	2,646,625,949 (13)	2,646,625,949 (15, 17 and 20)	2,646,625,949 (21)	50.00
Cove Investments Limited (7)	—	—	—	2,646,625,949 (18 and 20)	2,646,625,949 (21)	50.00
Golden Hope Limited (as trustee of Golden Hope Unit Trust) (8)	—	—	414,260,835 (14)	2,646,625,949 (16 and 20)	2,646,625,949 (21)	50.00
Joondalup Limited (9)	414,260,835	—	—	—	414,260,835	7.83
Puan Sri Wong Hon Yee	—	4,607,314,685 (19(a))	28,357,897 (19(b))	299,600,000 (20)	4,607,314,685 (21)	87.04

Notes:

1. Parkview Management Sdn Bhd ("Parkview") is a trustee of a discretionary trust (the "Discretionary Trust 1"), the beneficiaries of which include certain members of Tan Sri Lim Goh Tong's family (the "Lim Family"). As at 30 September 2004, Tan Sri Lim Kok Thay ("Tan Sri KT Lim") controlled 33.33% of the equity interest in Parkview.

Interests of Substantial Shareholders *(Continued)*

(A) Interests in the shares of the Company *(Continued)*

2. Kien Huat Realty Sdn Bhd (“KHR”) is a private company of which the Discretionary Trust 1, through Aranda Tin Mines Sdn Bhd, Infomark (Malaysia) Sdn Bhd, Inforex Sdn Bhd, Dataline Sdn Bhd and Info-Text Sdn Bhd (all of which were 100% held by Parkview as trustee of the Discretionary Trust 1) controlled an aggregate of 100% of its equity interest as at 30 September 2004.
3. Genting Berhad (“GB”), a company listed on Bursa Malaysia Securities Berhad (“Bursa Malaysia”) of which KHR controlled 41.57% of its equity interest as at 30 September 2004.
4. Resorts World Bhd (“RWB”), a company listed on Bursa Malaysia of which GB controlled 56.79% of its equity interest as at 30 September 2004.
5. Resorts World Limited (“RWL”) is a wholly-owned subsidiary of Sierra Springs Sdn Bhd (“Sierra Springs”) which is in turn a wholly-owned subsidiary of RWB.
6. GZ Trust Corporation (“GZ”) is the trustee of a discretionary trust (the “Discretionary Trust 2”) established for the benefit of certain members of the Lim Family. GZ as trustee of the Discretionary Trust 2 holds 99.99% of the units in Golden Hope Unit Trust (“GHUT”), a private unit trust directly and 0.01% of the units in GHUT indirectly through Cove (as defined below).
7. Cove Investments Limited (“Cove”) is wholly-owned by GZ as trustee of the Discretionary Trust 2.
8. Golden Hope Limited (“Golden Hope”) is the trustee of GHUT.
9. Joondalup Limited (“Joondalup”) is wholly-owned by Golden Hope as trustee of GHUT.
10. Each of Parkview as trustee of the Discretionary Trust 1, KHR and GB has a corporate interest in 1,924,261,862 ordinary shares (comprising the same block of 1,908,561,862 ordinary shares held directly by RWL and the same block of 15,700,000 ordinary shares held directly by Genting Overseas Holdings Limited (“GOHL”), a wholly-owned subsidiary of GB).
11. Each of RWB and Sierra Springs has a corporate interest in the same block of 1,908,561,862 ordinary shares held directly by RWL.
12. The interest in 1,924,261,862 ordinary shares is held by Parkview in its capacity as trustee of the Discretionary Trust 1 and it comprises the same block of 1,908,561,862 ordinary shares held directly by RWL and the same block of 15,700,000 ordinary shares held directly by GOHL.
13. GZ as trustee of the Discretionary Trust 2 has a corporate interest in the same block of 2,646,625,949 ordinary shares held by Golden Hope as trustee of GHUT (out of which 2,232,365,114 ordinary shares are directly held by Golden Hope as trustee of GHUT and 414,260,835 ordinary shares are held indirectly through Joondalup).
14. Golden Hope as trustee of GHUT has a corporate interest in the same block of 414,260,835 ordinary shares held directly by Joondalup.
15. GZ in its capacity as trustee of the Discretionary Trust 2 has a deemed interest in the same block of 2,646,625,949 ordinary shares held by Golden Hope as trustee of GHUT (out of which 2,232,365,114 ordinary shares are directly held by Golden Hope as trustee of GHUT and 414,260,835 ordinary shares are held indirectly through Joondalup).
16. The interest in 2,646,625,949 ordinary shares is held by Golden Hope in its capacity as trustee of GHUT (out of which 2,232,365,114 ordinary shares are directly held by Golden Hope as trustee of GHUT and 414,260,835 ordinary shares are held indirectly through Joondalup).
17. GZ as trustee of the Discretionary Trust 2 is deemed to have interest in the same block of 2,646,625,949 ordinary shares held directly or indirectly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
18. Cove which holds 0.01% of the units in GHUT is deemed to have interest in the same block of 2,646,625,949 ordinary shares held directly or indirectly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
19. (a) Puan Sri Wong Hon Yee (“Puan Sri Wong”) as the spouse of Tan Sri KT Lim, has a family interest in the same block of 4,607,314,685 ordinary shares in which Tan Sri KT Lim has a deemed interest. These interests do not include the deemed interests of Puan Sri Wong in the underlying shares of the Company through share options held personally by Tan Sri KT Lim and need to be aggregated with such interests set out in subsection (B) below to give the total interests of Puan Sri Wong pursuant to the SFO.
(b) Puan Sri Wong also has a corporate interest in 28,357,897 ordinary shares held directly by Goldsfine by holding 50% of its equity interest as at 30 September 2004.
20. Out of the same block of 2,646,625,949 ordinary shares held directly or indirectly by Golden Hope as trustee of GHUT, 299,600,000 ordinary shares are pledged shares.
21. There is no duplication in arriving at the total interest.
22. All these interests represent long positions in the shares of the Company and exclude those in the underlying shares through share options or equity derivatives.

Interests of Substantial Shareholders *(Continued)*

(B) Interests in the underlying shares of the Company through share options or equity derivatives

Name of shareholder	Number of underlying ordinary shares	Percentage of issued ordinary shares
Puan Sri Wong Hon Yee	16,467,300 (Note)	0.311

Note:

Puan Sri Wong Hon Yee as the spouse of Tan Sri KT Lim, is deemed to have a family interest in 16,467,300 underlying ordinary shares of the Company by virtue of the share options granted to Tan Sri KT Lim under the Pre-listing Employee Share Option Scheme and the Post-listing Employee Share Option Scheme. These interests represent long positions in the underlying shares in respect of physically settled derivatives of the Company and need to be aggregated with her interests set out in subsection (A) above to give her total interests pursuant to the SFO.

Save as disclosed above and in the sections headed "Interests of Directors" and "Share Options" above, as at 30 September 2004, there were no other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

General Disclosure pursuant to the Listing Rules

Pursuant to Rules 13.18 and 13.21 of the Listing Rules, the Company discloses the following information.

(i) Loan Agreements of the Group

The Group is a party to twelve loan agreements for an aggregate principal amount of approximately US\$4.2 billion, of which US\$3.0 billion has been drawdown, with terms ranging from six to sixteen years from the dates of these agreements. As at 30 September 2004, the outstanding loan balances was approximately US\$2.0 billion. Five of these agreements require the Lim Family (or the Lim Family and/or the Lim Family through its indirect shareholding in Resorts World Bhd) to control (directly or indirectly) together or individually, the Company and beneficially own (directly or indirectly) at least 51% of the issued share capital of, and equity interest in the Company during the terms of these loans. The other seven agreements require the Lim Family to control (directly or indirectly) together or individually, NCL Corporation Ltd. ("NCLC"), a direct wholly-owned subsidiary of the Company, and beneficially own (directly or indirectly) at least 51% of the issued share capital of, and equity interest in NCLC during the terms of these loans. In the event that the shares of NCLC are listed on an approved stock exchange, if: (i) a third party owns or gains control of more than 33% of the voting stock of NCLC and the Lim Family ceases together or individually, to control (directly or indirectly) NCLC and beneficially own (directly or indirectly) at least 51% of the issued share capital of, and equity interest in NCLC; or (ii) without the prior written consent of the agent, NCLC ceases to be listed on an approved stock exchange (in the case the US\$800 million loan facility, in the event that the shares of NCLC are listed on an approved stock exchange, if: (i) two or more persons acting in concert or any individual person acquires (a) legally and/or beneficially and either directly or indirectly at least 33% of the issued share capital of NCLC or (b) the right or ability to control, either directly or indirectly, the affairs or composition of the majority of the board of directors (or its equivalent) of NCLC; and the Lim Family ceases to own (legally and/or beneficially and either directly or indirectly) at least 51% of the issued share capital of NCLC; or (ii) NCLC ceases to be listed on an approved stock exchange), this will constitute an event of default under the relevant loan agreements.

(ii) Convertible Bonds of the Company

Pursuant to the Trust Deed dated 20 October 2003 constituting the US\$180 million 2% Convertible Bonds of the Company, the Convertible Bonds may be redeemed at the option of the Bondholders prior to their maturity on 20 October 2008 when any person or persons, other than Genting Berhad, Golden Hope Limited, Resorts World Bhd or any of their affiliates, acquires control of more than 50% of the voting rights of the issued share capital of the Company.

(iii) Senior Notes of NCL Corporation Ltd.

Pursuant to the Indenture dated 15 July 2004 constituting the US\$250 million 10.625% Senior Notes of NCLC, holders of the Senior Notes have the right to require NCLC to repurchase all or a portion of the Senior Notes prior to their maturity on 15 July 2014 when any person or group of related persons, other than Tan Sri Lim Goh Tong, Golden Hope Limited as trustee of the Golden Hope Unit Trust or Genting Berhad and any affiliate or related person thereof (together the "Permitted Holders"), beneficially owns or controls more than 40% of the voting stock of NCLC if at such time the Permitted Holders beneficially own or control less of the voting stock of NCLC than such person.

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 2004, save for the issue of 66,480 new ordinary shares of US\$0.10 each at an aggregate price of US\$17,857 pursuant to the exercise of options granted under the Pre-listing Employee Share Option Scheme.

Corporate Governance

In compliance with the Code of Best Practice stipulated in Appendix 14 of the Listing Rules (the "Code of Best Practice"), the Company has established an Audit Committee with written terms of reference with reference to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants).

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness of the external and internal audit and of internal controls and risk evaluation. The Audit Committee comprises the three Independent Non-executive Directors of the Company, namely, Mr. Alan Howard Smith, J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng. This interim report has been reviewed by the Audit Committee.

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not at any time during the nine months ended 30 September 2004, in compliance with the Code of Best Practice, except that the Independent Non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company.

On behalf of the Board

Tan Sri Lim Kok Thay

Chairman, President and Chief Executive Officer

Hong Kong, 10 November 2004