STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

Interim Report for the three months and six months ended 30 June 2005

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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, Deputy Chairman, 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 the three months and six months ended 30 June 2005, as follows:

Consolidated Profit and Loss Accounts

	Note	Three months ended 30 June 2005 US$'000 unaudited	Three months ended 30 June 2004 US$'000 unaudited	Six months ended 30 June 2005 US$'000 unaudited	Six months ended 30 June 2004 US$'000 unaudited
Turnover	2	438,760	376,928	843,243	767,675
Operating expenses (excluding depreciation and amortisation)		(301,302)	(253,668)	(568,843)	(508,030)
Selling, general and administrative expenses (excluding depreciation)		(71,058)	(61,112)	(137,623)	(130,751)
Depreciation and amortisation	4	(40,256)	(45,116)	(80,630)	(93,395)
Impairment loss	3	(2,700)	—	(2,700)	—
		(415,316)	(359,896)	(789,796)	(732,176)
Operating profit	2, 4	23,444	17,032	53,447	35,499
Interest income		2,782	631	4,212	1,275
Financial costs	5	(34,553)	(22,902)	(66,314)	(44,989)
Share of loss of an associated company	6	(1,800)	—	(1,951)	—
Other non-operating income / (expenses), net	7	16,863	(2,867)	22,132	(9,260)
		(16,708)	(25,138)	(41,921)	(52,974)
Profit / (Loss) before taxation		6,736	(8,106)	11,526	(17,475)
Taxation	8	(536)	(895)	(923)	(706)
Net profit / (loss) for the period		6,200	(9,001)	10,603	(18,181)
Basic earnings / (loss) per share (US cents)	9	0.12	(0.17)	0.20	(0.34)
Fully diluted earnings per share (US cents)	9	0.12	N/A*	0.20	N/A*
Operating data					
Passenger Cruise Days		2,157,961	2,010,013	4,220,051	4,075,323
Capacity Days		2,045,705	1,888,881	4,063,899	4,010,899
Occupancy as a percentage of total capacity days		105%	106%	104%	102%

* Diluted loss per share for the three months and six months ended 30 June 2004 are not shown as the diluted loss per share is less than the basic loss per share.

Consolidated Balance Sheet

	Note	As at 30 June 2005 US$'000 unaudited	(Restated) 31 December 2004 US$'000 audited
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	605,994	605,286
Deferred tax asset		375	387
Property, plant and equipment		4,114,308	3,821,484
Lease prepayments		1,752	1,818
Investment in an associated company		13,197	15,148
Restricted cash		150	150
Other assets	11	81,928	85,095
		4,817,704	4,529,368
CURRENT ASSETS			
Consumable inventories		48,606	42,059
Trade receivables	12	16,919	12,089
Prepaid expenses and others		47,340	29,684
Derivative financial instruments	17	4,484	2,241
Amounts due from related companies	16	41	125
Restricted cash		95,044	28,520
Cash and cash equivalents		366,521	341,027
		578,955	455,745
TOTAL ASSETS		5,396,659	4,985,113

Consolidated Balance Sheet *(Continued)*

	Note	As at 30 June 2005 US$'000 unaudited	(Restated) 31 December 2004 US$'000 audited
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		529,636	529,320
Reserves:			
Share premium		1,268,445	1,267,913
Additional paid-in capital		94,245	94,018
Convertible bonds - equity component	15	14,400	14,400
Foreign currency translation adjustments		(24,224)	(23,197)
Unamortised share option expense		(1,698)	(2,300)
Cash flow hedge reserve		(2,794)	(20,564)
Retained earnings / (Accumulated losses)		7,811	(31,218)
		1,885,821	1,828,372
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowings	14	2,648,232	2,412,854
Derivative financial instruments	17	15,550	22,361
Other long-term liabilities		5,176	5,734
Deferred tax liabilities		679	539
		2,669,637	2,441,488
CURRENT LIABILITIES			
Trade creditors	13	63,810	83,481
Current income tax liabilities		1,054	1,227
Provisions, accruals and other liabilities		200,934	209,281
Current portion of long-term borrowings	14	229,288	179,159
Derivative financial instruments	17	469	1,392
Advance ticket sales		345,646	240,713
		841,201	715,253
TOTAL LIABILITIES		3,510,838	3,156,741
TOTAL EQUITY AND LIABILITIES		5,396,659	4,985,113

Consolidated Cash Flow Statements

	Three months ended 30 June		Six months ended 30 June	
	2005	2004	2005	2004
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
OPERATING ACTIVITIES				
Cash generated from operations	113,129	135,992	221,269	200,356
Interest paid	(20,322)	(13,940)	(63,543)	(38,947)
Interest received	1,600	638	3,081	1,279
Income tax paid	(657)	(1,286)	(937)	(1,599)
Net cash inflow from operating activities	93,750	121,404	159,870	161,089
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(179,601)	(54,921)	(357,891)	(149,524)
Proceeds from sale of property, plant and equipment	26	40,913	31	60,359
Others	(115)	(3,464)	(338)	(4,257)
Net cash outflow from investing activities	(179,690)	(17,472)	(358,198)	(93,422)
FINANCING ACTIVITIES				
Proceeds from long-term borrowings	217,756	439,659	368,457	440,193
Principal repayments of long-term borrowings	(10,726)	(466,998)	(72,570)	(537,884)
Proceeds from issuance of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme	817	—	848	18
Restricted cash, net	(58,350)	(26,619)	(66,524)	(5,880)
Payment of loan arrangement fees	(2,540)	(25,459)	(4,571)	(25,959)
Others, net	(405)	(154)	(558)	(307)
Net cash inflow / (outflow) from financing activities	146,552	(79,571)	225,082	(129,819)
Effect of exchange rate changes on cash and cash equivalents	(693)	(1,234)	(1,260)	(653)
Net increase / (decrease) in cash and cash equivalents	59,919	23,127	25,494	(62,805)
Cash and cash equivalents at the beginning of the period	306,602	291,101	341,027	377,033
Cash and cash equivalents at the end of the period	366,521	314,228	366,521	314,228
NON-CASH INVESTING ACTIVITY				
Acquisition of motor vehicles by means of finance lease	126	—	7,358	—

Consolidated Statement of Changes in Equity

	Share capital US$'000	Share premium US$'000	Additional paid-in capital US$'000	Convertible bonds - equity component US$'000	Foreign currency translation adjustments US$'000	Unamortised share option expense US$'000	Cash flow hedge reserve US$'000	Retained earnings/ (Accumulated losses) US$'000	Total US$'000
Six months ended 30 June 2005									
unaudited									
At 31 December 2004									
- as previously stated	529,320	1,267,913	92,689	—	(23,197)	(1,110)	(20,564)	(31,079)	1,813,972
- adoption of HKFRS retrospectively	—	—	1,329	14,400	—	(1,190)	—	(139)	14,400
As restated	529,320	1,267,913	94,018	14,400	(23,197)	(2,300)	(20,564)	(31,218)	1,828,372
Adoption of HKAS 39, HKFRS 3 and HKAS 38	—	—	—	—	—	—	11,343	28,426	39,769
At 1 January 2005	529,320	1,267,913	94,018	14,400	(23,197)	(2,300)	(9,221)	(2,792)	1,868,141
Exchange translation differences	—	—	—	—	(1,027)	—	—	—	(1,027)
Cash flow hedge:									
- Gain on financial instruments	—	—	—	—	—	—	431	—	431
- Transferred to profit and loss account	—	—	—	—	—	—	5,996	—	5,996
Net amounts not recognised in the profit and loss account	—	—	—	—	(1,027)	—	6,427	—	5,400
Net profit for the period	—	—	—	—	—	—	—	10,603	10,603
Issue of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme	316	532	—	—	—	—	—	—	848
Issuance of share option	—	—	227	—	—	(227)	—	—	—
Amortisation of share option expense	—	—	—	—	—	829	—	—	829
At 30 June 2005	529,636	1,268,445	94,245	14,400	(24,224)	(1,698)	(2,794)	7,811	1,885,821

Consolidated Statement of Changes in Equity *(Continued)*

	Share capital *US$'000*	Share premium *US$'000*	Additional paid-in capital *US$'000*	Convertible bonds - equity component *US$'000*	Foreign currency translation adjustments *US$'000*	Unamortised share option expense *US$'000*	Cash flow hedge reserve *US$'000*	Accumulated losses *US$'000*	Total *US$'000*
Six months ended 30 June 2004									
unaudited									
At 31 December 2003									
- as previously stated	529,314	1,267,901	92,818	—	(23,013)	(2,065)	(34,366)	(22,073)	1,808,516
- adoption of HKFRS retrospectively	—	—	—	14,400	—	—	—	—	14,400
As restated	529,314	1,267,901	92,818	14,400	(23,013)	(2,065)	(34,366)	(22,073)	1,822,916
Exchange translation differences	—	—	—	—	(1,662)	—	—	—	(1,662)
Cash flow hedge:									
- Gain on financial instruments	—	—	—	—	—	—	2,308	—	2,308
- Transferred to profit and loss account	—	—	—	—	—	—	8,149	—	8,149
Net amounts not recognised in the profit and loss account	—	—	—	—	(1,662)	—	10,457	—	8,795
Net loss for the period	—	—	—	—	—	—	—	(18,181)	(18,181)
Issue of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme	6	12	—	—	—	—	—	—	18
Amortisation of share option expense	—	—	—	—	—	459	—	—	459
At 30 June 2004	529,320	1,267,913	92,818	14,400	(24,675)	(1,606)	(23,909)	(40,254)	1,814,007

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited accounts of the Group have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The unaudited accounts are prepared under the historical cost convention.

This interim report should be read where relevant, in conjunction with the annual accounts of the Group for the year ended 31 December 2004.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

As at 1 January 2005, the Group adopted these new HKFRSs as listed below, which are relevant to its operations. The comparative figures in respect of year 2004 have been amended as required and where necessary, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

The Group revalued certain of the properties in conjunction with the listing of the entire share capital on The Stock Exchange of Hong Kong Limited in 2000. On 1 January 2005, the Group applied the exemptions under HKFRS 1 whereby it elected to use the revalued amount of these properties under HK GAAP as deemed cost at the date of transition to HKFRSs.

The adoption of the above new HKFRSs did not have any significant impact on its results of operations and financial position, except for the adoption of HKFRS 2, HKFRS 3, HKAS 38, HKAS 17, HKAS 32 and HKAS 39.

Notes to the Accounts *(Continued)*

1. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 2

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share options granted after 7 November 2002 and to be vested after 1 January 2005. The Group has also applied HKFRS 2 retrospectively for share options granted after 7 November 2002 and vested before 1 January 2005. Prior to 1 January 2005, the Group accounted for compensation expense in respect of these share options to employees based on the excess, if any, of the quoted market price of the share at the date of the grant over the exercise price of the option. Effective from 1 January 2005, the Group accounts for the compensation cost of these share options based on the fair value of the employee services received in exchange for the grant of these options.

This change in accounting policy has been accounted for retrospectively as follows:

	As previously reported *US$'000*	Effect of adoption of HKFRS *US$'000*	As restated *US$'000*
Group			
At 31 December 2004			
Reserves:			
Additional paid-in capital	92,689	1,329	94,018
Accumulated losses	(31,079)	(139)	(31,218)
Unamortised share option expense	(1,110)	(1,190)	(2,300)

HKAS 17

The adoption of HKAS 17 requires the Group to classify the land held under a long-term lease as an operating lease if the risks and rewards incidental to ownership will not be transferred to the lessee. The comparative in respect of the property, plant and equipment have been restated whereby the land held under operating lease is now presented as lease prepayments. The effect of the reclassification of the comparative is as follows:

	As previously reported *US$'000*	Effect of adoption of HKFRS *US$'000*	As restated *US$'000*
Group			
At 31 December 2004			
Property, plant and equipment	3,823,302	(1,818)	3,821,484
Lease prepayments	—	1,818	1,818

HKAS 32

The adoption of HKAS 32 requires the Group to analyse the compound financial instruments into debt and equity components based on the circumstances at the inception of the instrument. The comparative in respect of the convertible bonds have been restated whereby the equity conversion option is now presented as a component of reserves. The effect of reclassification of comparatives has been accounted for retrospectively as follows:

	As previously reported *US$'000*	Effect of adoption of HKFRS *US$'000*	As restated *US$'000*
Group			
At 31 December 2004			
Convertible bonds	180,000	(6,050)	173,950
Provision, accruals and other liabilities	217,631	(8,350)	209,281
Reserves:			
Convertible bonds - equity component	—	14,400	14,400

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 3 and HKAS 38

The adoption of HKFRS 3 and HKAS 38 resulted in a change in the accounting policy for goodwill and trade names. Prior to 1 January 2005, goodwill and trade names were amortised over useful lives of 40 years and negative goodwill was amortised over 26 years, the remaining weighted average useful life of the non-monetary assets acquired. In addition, the goodwill and trade names were assessed for impairment annually or where there were indications of possible impairment.

In accordance with the provisions of HKFRS 3:

— The Group ceased amortisation of goodwill and trade names from 1 January 2005;

— Accumulated amortisation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill and trade names;

— The carrying amount of previously recognised negative goodwill has been derecognised as at 1 January 2005 with a corresponding adjustment to the opening balance of retained earnings;

— The Group will continue to review goodwill and trade names for impairment annually or where there are indications of possible impairment.

This change in accounting policy has been accounted for prospectively from 1 January 2005 as follows:

	As previously reported *US$'000*	Effect of adoption of HKFRS *US$'000*	As restated *US$'000*
Group			
At 1 January 2005			
Intangible assets, net of accumulated amortisation and impairment	605,286	39,769	645,055
Retained earnings / (Accumulated losses)	(31,079)	39,769	8,690

HKAS 39

Upon adoption of HKAS 39 on 1 January 2005, the fair value of certain interest rate swaps of US$10.7 million which no longer qualified as hedging instruments as a result of early repayment of certain bank borrowings and which had been included within cash flow hedge reserve, has been adjusted to the opening balance of retained earnings. Similarly, the fair value of the 5.5% capped USD LIBOR-in-arrears interest rate swaps amounting to US$0.6 million which were not effective hedges and had been included within cash flow hedge reserve, has been adjusted to the opening balance of retained earnings.

The effects of the change on the Group's consolidated financial statements have been accounted for prospectively from 1 January 2005 as follows:

	As previously reported *US$'000*	Effect of adoption of HKFRS *US$'000*	As restated *US$'000*
Group			
At 1 January 2005			
Reserves:			
Cash flow hedge reserve	(20,564)	11,343	(9,221)
Accumulated losses	(31,079)	(11,343)	(42,422)

Notes to the Accounts *(Continued)*

2. TURNOVER AND OPERATING PROFIT

The Group is principally engaged in the operation of passenger cruise ships. Cruise and cruise related revenues comprise sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from onboard services and other related services, including gaming, food and beverage. Other operations of the Group comprise charter hire and provision of transportation and tour services, none of which are of a sufficient size to be reported separately.

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

	Cruise and cruise related activities		Others		Total	
	2005	2004	2005	2004	2005	2004
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Three months ended 30 June						
unaudited						
Turnover	433,690[1]	375,610[1]	5,070	1,318	438,760	376,928
Operating profit / (loss) before impairment loss	27,417	16,496	(1,273)	536	26,144	17,032
Impairment loss	—	—	(2,700)	—	(2,700)	—
Operating profit / (loss) after impairment loss	27,417	16,496	(3,973)	536	23,444	17,032
Interest income					2,782	631
Financial costs					(34,553)	(22,902)
Share of loss of an associated company					(1,800)	—
Other non-operating income / (expenses), net					16,863	(2,867)
Profit / (Loss) before taxation					6,736	(8,106)
Taxation					(536)	(895)
Net profit / (loss) for the period					6,200	(9,001)
Six months ended 30 June						
unaudited						
Turnover	833,490[1]	766,357[1]	9,753	1,318	843,243	767,675
Operating profit / (loss) before impairment loss	58,456	35,690	(2,309)	(191)	56,147	35,499
Impairment loss	—	—	(2,700)	—	(2,700)	—
Operating profit / (loss) after impairment loss	58,456	35,690	(5,009)	(191)	53,447	35,499
Interest income					4,212	1,275
Financial costs					(66,314)	(44,989)
Share of loss of an associated company					(1,951)	—
Other non-operating income / (expenses), net					22,132	(9,260)
Profit / (Loss) before taxation					11,526	(17,475)
Taxation					(923)	(706)
Net profit / (loss) for the period					10,603	(18,181)

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 30 June		Six months ended 30 June	
	2005	2004	2005	2004
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
Asia Pacific	91,291	93,166	165,438	204,880
North America[2]	316,485	251,608	617,070	506,822
Others	30,984	32,154	60,735	55,973
	438,760	376,928	843,243	767,675

	OPERATING PROFIT			
	Three months ended 30 June		Six months ended 30 June	
	2005	2004	2005	2004
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
Asia Pacific[3]	19,876	23,442	33,151	41,525
North America[2]	3,126	(3,925)	18,212	(1,397)
Others	442	(60)	2,084	221
	23,444	19,457	53,447	40,349
Amortisation of goodwill	—	(2,425)	—	(4,850)
	23,444	17,032	53,447	35,499

Notes:

1. Cruise and cruise related revenues consist of passenger ticket revenue of approximately US$278.7 million and US$236.6 million for the three months ended 30 June 2005 and 2004 respectively and approximately US$534.1 million and US$477.8 million for the six months ended 30 June 2005 and 2004 respectively. The remaining portion relates to revenues from onboard and other services.

2. Substantially, all the turnover and operating profit arises in the United States of America.

3. Included in the operating profit of Asia Pacific for the three months and six months ended 30 June 2005 was an impairment loss of US$2.7 million.

3. IMPAIRMENT LOSS

During the three months and six months ended 30 June 2005, the Group recorded an impairment loss of US$2.7 million pursuant to a recently concluded charter and sale agreement of its catamaran.

The above impairment loss represented the amount by which the carrying amount of the catamaran exceeded its fair value.

Notes to the Accounts *(Continued)*

4. OPERATING PROFIT

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

	Three months ended 30 June 2005 US$'000 *unaudited*	Three months ended 30 June 2004 US$'000 *unaudited*	Six months ended 30 June 2005 US$'000 *unaudited*	Six months ended 30 June 2004 US$'000 *unaudited*
Charging / (Crediting):				
Depreciation of property, plant and equipment	39,792	40,473	79,709	84,174
Amortisation of software development costs	464	527	921	989
Amortisation of trade names	—	1,691	—	3,382
Amortisation of goodwill	—	2,425	—	4,850
Total depreciation and amortisation analysed into:	40,256	45,116	80,630	93,395
- relating to operating function	37,902	42,699	75,873	88,590
- relating to selling, general and administrative function	2,354	2,417	4,757	4,805
(Write back) / Custom fines on itinerary modifications resulting from the Azipod problem on a ship	(2,344)	3,174	(2,344)	4,331
Impairment loss (see note 3)	2,700	—	2,700	—

5. FINANCIAL COSTS

	Three months ended 30 June 2005 US$'000 *unaudited*	Three months ended 30 June 2004 US$'000 *unaudited*	Six months ended 30 June 2005 US$'000 *unaudited*	Six months ended 30 June 2004 US$'000 *unaudited*
Amortisation of:				
- bank loans arrangement fees	4,170	1,301	7,765	2,650
- issue costs of convertible bonds and US$250 million Senior Notes	425	185	834	372
Interest on:				
- bank loans and others	26,548	20,365	50,747	39,682
- convertible bonds and US$250 million Senior Notes	10,110	2,566	19,249	5,096
Loans arrangement fees written off	—	454	—	454
Total borrowing costs incurred	41,253	24,871	78,595	48,254
Less: interest capitalised in property, plant and equipment	(6,700)	(1,969)	(12,281)	(3,265)
Total financial costs	34,553	22,902	66,314	44,989

6. SHARE OF LOSS OF AN ASSOCIATED COMPANY

The Group accounts for its 26% interest in Valuair Limited ("Valuair") using the equity method and records its portion of Valuair's net operating results as share of loss of an associated company on a three-month lag basis. The share of loss in Valuair from the date of acquisition in mid-December 2004 to 31 March 2005 in the six months ended 30 June 2005 was US$2.0 million.

In July 2005, Valuair announced a merger with Jetstar Asia Airways Pte. Ltd., an affiliated company of Qantas Airways. The merger has resulted in the Group ceasing to have significant influence in Valuair. The Group will discontinue using the equity method to account for the results of Valuair in the quarter ending 30 September 2005.

7. OTHER NON-OPERATING INCOME / (EXPENSES), NET

	Three months ended 30 June		Six months ended 30 June	
	2005	2004	2005	2004
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
Gain / (Loss) on financial instruments	2,152	(2,880)	3,609	(7,274)
Loss on foreign exchange	(1,440)	(505)	(2,215)	(1,062)
Gain on translation of debts	16,188	—	20,933	—
Other non-operating income / (expenses), net	(37)	518	(195)	(924)
	16,863	(2,867)	22,132	(9,260)

8. TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2005	2004	2005	2004
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
Overseas taxation				
- Current taxation	469	433	717	919
- Deferred taxation	—	710	—	(39)
	469	1,143	717	880
Under / (Over) provision in respect of prior years				
- Current taxation	44	(400)	49	(326)
- Deferred taxation	23	152	157	152
	536	895	923	706

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)*

9. EARNINGS / (LOSS) PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2005	2004	2005	2004
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
BASIC				
Net profit / (loss)	6,200	(9,001)	10,603	(18,181)
Weighted average outstanding ordinary shares in thousands	5,296,190	5,293,202	5,294,720	5,293,171
Basic earnings / (loss) per share in US cents	0.12	(0.17)	0.20	(0.34)
FULLY DILUTED				
Net profit / (loss)	6,200	(9,001)	10,603	(18,181)
Weighted average outstanding ordinary shares in thousands	5,296,190	5,293,202	5,294,720	5,293,171
Effect of dilutive ordinary shares in thousands	3,926	438,283	3,602	439,147
Weighted average outstanding ordinary shares after assuming dilution in thousands	5,300,116	5,731,485	5,298,322	5,732,318
Fully diluted earnings per share in US cents	0.12	N/A*	0.20	N/A*

* Diluted loss per share for the three months and six months ended 30 June 2004 are not shown as the diluted loss per share is less than the basic loss per share.

10. INTANGIBLE ASSETS

Intangible assets consists of the following items arising from the acquisition of NCL Holding ASA ("NCL"):

	Goodwill arising on acquisition of 84.5% of NCL	Negative goodwill arising on acquisition of 15.5% of NCL	Subtotal	Trade names	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 30 June 2005					
unaudited					
Opening net book value at 31 December 2004	407,165	(39,769)	367,396	237,890	605,286
Adoption of HKFRS 3	—	39,769	39,769	—	39,769
At 1 January 2005	407,165	—	407,165	237,890	645,055
Adjustments (see below)	(39,061)	—	(39,061)	—	(39,061)
At 30 June 2005	368,104	—	368,104	237,890	605,994
At 31 December 2004					
audited					
Cost	456,624	(45,868)	410,756	291,600	702,356
Accumulated amortisation and impairment	(49,459)	6,099	(43,360)	(53,710)	(97,070)
Net book value	407,165	(39,769)	367,396	237,890	605,286

10. INTANGIBLE ASSETS *(Continued)*

On 30 November 2000, Arrasas Limited ("Arrasas"), a subsidiary of the Company, compulsorily acquired the remaining shares in NCL held by the minority shareholders, at an offer price of NOK13 per share after it owned 95.4% of the shares in NCL. As a result of this acquisition, Arrasas became the sole owner of all outstanding shares of NCL. Persons formerly holding in aggregate 1,831,848 shares rejected the offer price ("minority shareholders"). Arrasas then submitted a valuation petition to the Oslo City Court to request the valuation court to determine the fair value of the shares held by the minority shareholders.

The valuation proceedings were heard in September 2003, and on 5 December 2003, the Oslo City Court fixed the redemption price for the minority shareholders at NOK25 per share. On 8 January 2004, Arrasas filed an appeal against the decision granted on 5 December 2003.

On 28 June 2005, the Appeal Court ruled that the redemption price for the share is fixed at NOK16.50 per share, plus 5.5% annual and compound interest from 30 November 2000 until payment is made. Based on this decision, should the minority shareholders choose not to appeal, Arrasas would now be required to pay the minority shareholders the price as fixed by the Appeal Court plus interest from 30 November 2000. In addition, pursuant to the terms of the respective stock purchase agreements with the related companies, Arrasas will also have to pay the related companies an additional NOK1.50 per share (representing the amount in excess of NOK15 per share to the related companies who sold 10.9% of the shares in NCL to Arrasas in November 2000). To reflect the basis of this decision, the Group made an adjustment to the purchase consideration resulting in a reduction to goodwill previously recognised in the amount of US$39.1 million.

11. OTHER ASSETS

	As at	
	30 June 2005 *US$'000* *unaudited*	31 December 2004 *US$'000* *audited*
Loan arrangement fees	49,953	53,535
Convertible bonds and senior notes issuance costs	10,522	10,606
Software development costs, net	14,732	15,314
Others	6,721	5,640
	81,928	85,095

12. TRADE RECEIVABLES

	As at	
	30 June 2005 *US$'000* *unaudited*	31 December 2004 *US$'000* *audited*
Trade receivables	18,920	15,906
Less: Provisions	(2,001)	(3,817)
	16,919	12,089

At 30 June 2005 and 31 December 2004, the ageing analysis of the trade receivables were as follows:

	As at	
	30 June 2005 *US$'000* *unaudited*	31 December 2004 *US$'000* *audited*
Current to 30 days	8,479	4,983
31 days to 60 days	2,518	2,557
61 days to 120 days	2,455	2,897
121 days to 180 days	2,804	2,345
181 days to 360 days	2,336	2,473
Over 360 days	328	651
	18,920	15,906

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

Notes to the Accounts *(Continued)*

13. TRADE CREDITORS

The ageing of trade creditors as at 30 June 2005 and 31 December 2004 were as follows:

	As at 30 June 2005 US$'000 *unaudited*	As at 31 December 2004 US$'000 *audited*
Current to 60 days	59,117	76,311
61 days to 120 days	3,270	5,887
121 days to 180 days	643	813
Over 180 days	780	470
	63,810	83,481

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

14. LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

	As at 30 June 2005 US$'000 *unaudited*	As at (Restated) 31 December 2004 US$'000 *audited*
SECURED:		
US$521.6 million syndicated term loan	163,147	171,734
US$450 million term loan	182,300	182,300
US$400 million Reducing Revolving Credit Facility	347,000	373,500
US$626.9 million syndicated term loan	261,217	271,666
US$225 million term loan	198,000	207,000
€298 million secured term loan	356,335	259,066
US$334.1 million Norwegian Jewel loan	187,798	113,377
€308.1 million Pride of Hawaii loan	122,828	47,212
US$800 million loan facility	622,500	540,000
UNSECURED:		
US$250 million Senior Notes	250,000	250,000
Convertible bonds (see Note 15)	177,145	173,950
Others	9,250	2,208
Total liabilities	2,877,520	2,592,013
Less: Current portion	(229,288)	(179,159)
Long-term portion	2,648,232	2,412,854

All the outstanding balance of the long-term borrowings are denominated in US dollars except for the amounts of €126.0 million (2004: €43.0 million) of the €298 million secured term loan and the outstanding balance of €101.5 million (2004: €34.9 million) of the €308.1 million Pride of Hawaii loan which are denominated in Euro.

15. CONVERTIBLE BONDS

The fair values of the liability component and the equity conversion component were determined at issuance of the convertible bonds ("the Bonds").

The fair value of the liability component, included in long-term borrowings (see Note 14), was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included as a component of reserves in shareholders' equity.

The analysis of the Bonds recorded in the balance sheet is as follows:

	As at	
		(Restated)
	30 June 2005	31 December 2004
	US$'000	*US$'000*
	unaudited	*audited*
Face value of convertible bonds issued on 20 October 2003	180,000	180,000
Equity component	(14,400)	(14,400)
Liability component on initial recognition	165,600	165,600
Interest accrued as at 1 January	8,350	1,960
Interest expense for the period / year	4,995	9,990
Interest paid during the period / year	(1,800)	(3,600)
Liability component	177,145	173,950

The fair value of the liability component of the Bonds at 30 June 2005 amounted to US$170.6 million. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 6.7%.

During the three months and six months ended 30 June 2005, none of 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. As at 30 June 2005, the Group had applied approximately US$165.8 million of the net proceeds to fund the newbuilding programme and for general working capital purposes, of which approximately US$109.0 million was incurred in 2004. As at 30 June 2005, the balance of unapplied proceeds of approximately US$10.5 million was on deposit with banks.

16. 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 which is held directly and indirectly by GZ Trust Corporation as trustee of a discretionary trust 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 ("RWL") 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. As at 30 June 2005, the carrying amount of this investment in WCIL amounted to US$184,000 is included within other assets. The Group's share of losses from WCIL amounted to US$43,000 and US$58,000 for the three months ended 30 June 2005 and 2004 respectively and US$70,000 and US$128,000 for the six months ended 30 June 2005 and 2004 respectively.

Notes to the Accounts *(Continued)*

16. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

Significant related party transactions entered into or subsisting between the Group and these companies during the three months and six months ended 30 June 2005 are 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 June 2005 and 2004 respectively. Amounts charged to the Group in respect of these services for the six months ended 30 June 2005 and 2004 were approximately US$- and US$12,000 respectively.

(b) GB and its related companies provide certain services to the Group, including treasury services, secretarial services, certain information technology support services, purchasing and administrative assistance 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 were approximately US$384,000 and US$157,000 for the three months ended 30 June 2005 and 2004 respectively and approximately US$584,000 and US$277,000 for the six months ended 30 June 2005 and 2004 respectively.

(c) The Group provides certain administrative support services to GIPLC internationally and the amounts charged to GIPLC were approximately US$18,000 each for the three months ended 30 June 2005 and 2004 respectively and approximately US$38,000 and US$36,000 for the six months ended 30 June 2005 and 2004 respectively.

(d) WCIL together with its related companies operates and administers the WorldCard programme on an international basis. The Group also implemented 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 six months ended 30 June 2005 and 2004, the following transactions took place:

	Three months ended 30 June		Six months ended 30 June	
	2005	2004	2005	2004
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
Amounts charged from GB Group to the Group	69	72	161	236
Amounts charged to the GB Group by the Group	62	70	150	365

Amounts outstanding at the end of each fiscal period in respect of the above transactions were included in the balance sheet within amounts due from related companies. The related party transactions described above were carried out on terms, conditions and prices obtainable in transactions with unrelated parties.

(e) On 24 November 2000, Arrasas Limited entered into separate Stock Purchase Agreements with RWL, Genting Overseas Holdings Limited (a wholly owned subsidiary of GB) and Palomino Limited (an indirect subsidiary of GB) to acquire an aggregate of 29,110,200 ordinary shares representing approximately 10.9% of the issued share capital of NCL for a total cash consideration of approximately NOK436.7 million (US$45.7 million) or NOK15 (US$1.572) per share. The transaction was completed on 29 November 2000. The agreements require that in the event Arrasas Limited pays more than NOK15 (US$1.572) per share in any subsequent transaction, Arrasas Limited will be required to pay to these related companies the difference between such higher price per share and NOK15 per share (US$1.572). On 28 June 2005, the Appeal Court ruled that the redemption price was NOK16.50 per share. Accordingly, Arrasas Limited would have to pay the related companies an additional of NOK1.50 per share (see Note 10).

17. FINANCIAL INSTRUMENTS

(i) The Group has several interest rate swaps with an aggregate amount of US$430.4 million to convert certain long-term borrowings from a floating rate obligation to a fixed rate obligation. 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 June 2005, the estimated fair market value of the interest rate swaps was approximately US$15.4 million, which was unfavourable to the Group.

The changes in the fair value of these interest rate swaps are included as a separate component of reserves and are recognised in the consolidated profit and loss account as the underlying hedged items are recognised.

In July 2004, following the early repayment of certain long-term borrowings, the Group discontinued the related specific existing hedge accounting on the basis that the designated hedged risk ceased to exist and re-designated prospectively a new hedging relationship for all the interest rate swaps that were previously designated as a hedge for the interest payment on these long-term borrowings. Upon adoption of HKAS 39 on 1 January 2005, the fair value of these interest rate swaps of approximately US$10.7 million which was unfavourable to the Group at the date of discontinuing the hedge accounting has been adjusted to the opening balance of retained earnings (see Note 1).

(ii) 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.

Upon adoption of HKAS 39 on 1 January 2005, the changes in the fair value of these interest rate swaps, which qualify as hedges, are included as a separate component of reserves, and recognised in the consolidated profit and loss account as the underlying hedged items are recognised. To the extent an instrument is not effective as a hedge, gains and losses are recognised in the consolidated profit and loss account as a gain or loss on interest rate swaps. Therefore, on 1 January 2005, the ineffective portion of these interest rate swaps of approximately US$0.6 million, which was unfavourable to the Group has been adjusted to the opening balance of retained earnings (see Note 1).

As at 30 June 2005, the estimated fair market value of these interest rate swaps was approximately US$0.2 million, which was unfavourable to the Group. The changes in the fair value of these interest rate swaps were recognised as interest expense in the consolidated profit and loss account.

(iii) 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 June 2005, the estimated fair market value of these forward contracts was approximately US$4.1 million, which was favourable to the Group. The changes in the fair value of these forward contracts were recognised as other income in the consolidated profit and loss account.

(iv) 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 June 2005, the estimated fair market value of these contracts was approximately US$0.1 million, which was unfavourable to the Group. The changes in the fair value of these forward contracts were recognised as other expense in the consolidated profit and loss account.

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 June 2005 other than deposits of cash with reputable financial institutions.

Notes to the Accounts *(Continued)*

18. CAPITAL COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure

The Group had the following commitments as at 30 June 2005 and 31 December 2004:

	As at	
	30 June 2005	31 December 2004
	US$'000	*US$'000*
	unaudited	*audited*
Contracted but not provided for		
- Cruise ships and other related costs	1,247,155	673,286

(ii) Material Litigation

Save as disclosed in Note 10 to the accounts, there were no material updates to the information disclosed in the Group's annual report for the year ended 31 December 2004 and the interim report for the three months ended 31 March 2005.

Interim Dividend

The Directors do not recommend the declaration of any interim dividend in respect of the six months ended 30 June 2005.

Management's Discussion and Analysis

Three months ended 30 June 2005 ("2Q 2005") as compared with three months ended 30 June 2004 ("2Q 2004")

Turnover

The Group's revenue for 2Q 2005 was US$438.8 million, increased by 16.4% from US$376.9 million for 2Q 2004. Net cruise revenue increased by 14.0%. Net cruise revenue represents cruise revenue less air ticket costs, travel agent commissions and other direct costs (all of which are included in operating expenses). Net cruise revenue yield is defined as net cruise revenue per capacity day. The higher net cruise revenue was due primarily to a 8.3% increase in capacity and a 5.3% increase in net cruise revenue yield. The increase in net cruise revenue yield was attributable to an increase in cruise tickets prices and higher onboard spending. Occupancy was at 105.5% in 2Q 2005 as compared to 106.4% in 2Q 2004.

Star Cruises in Asia Pacific operated with 8.6% lower capacity days in 2Q 2005 as compared to 2Q 2004. The lower capacity day was mainly a result of the transfer of m.v. SuperStar Leo (renamed m.v. Norwegian Spirit) to the NCL Group. Net cruise revenue yield was 7.9% higher as compared with 2Q 2004. The higher spending onboard the ships continued to be the main contributor to the increase in net cruise revenue yield in 2Q 2005. Occupancy level for 2Q 2005 was at 100.0% as compared with 109.2% in 2Q 2004. The lower occupancy was due to the transfer of m.v. SuperStar Leo to the NCL Group in May 2004 and the tail end effect of Tsunami.

NCL Group recorded an increase in capacity days of 13.1% for 2Q 2005 as compared to 2Q 2004. The increase in capacity was primarily due to the timing and length of scheduled drydocking of ships and the additions of m.v. Norwegian Spirit and m.v. Pride of America, which entered service in May 2004 and June 2005, respectively. Two mid-sized ships were drydocked in 2Q 2005 as compared with three of the largest ships in 2Q 2004. Net revenue yield was up by 7.2% as compared with 2Q 2004. This increase was due to higher cruise ticket prices, higher onboard spending and increased occupancy. Occupancy level for 2Q 2005 was at 106.8% as compared with 105.6% in 2Q 2004.

Cost and expenses

Total costs and expenses before interest and non-operating items for 2Q 2005 amounted to US$415.3 million as compared with US$359.9 million for 2Q 2004, an increase of US$55.4 million.

Operating expenses increased by US$47.6 million from US$253.7 million for 2Q 2004 to US$301.3 million for 2Q 2005. Ship operating expenses (excluding costs such as travel agent commissions, air tickets and other direct costs as they are already included in the net cruise revenue calculation) was 19.8% higher as compared with 2Q 2004. On a per capacity day basis, ship operating expenses were 10.6% higher as compared with 2Q 2004. The increase in ship operating expenses per capacity day was primarily attributed to an increase in fuel costs and higher cost structure of NCL America that commenced operation in June 2004. Average fuel prices increased approximately 41% as compared with 2Q 2004, and fuel costs reaching 16% of the ship operating expenses in 2Q 2005 as compared with 12% of ship operating expenses in 2Q 2004.

Selling, general and administrative (SG&A) expenses increased by US$10.0 million from US$61.1 million to US$71.1 million in 2Q 2005, of which cruise SG&A expenses increased by US$9.2 million. The remaining US$0.8 million of SG&A expenses were related to the tour operations. Cruise SG&A expenses per capacity day increased 6.2% as compared with 2Q 2004 mainly due to the higher shoreside expenses for Honolulu office and marketing costs related to the introduction of the m.v. Pride of America in June 2005.

Depreciation and amortisation expenses decreased by US$4.8 million to US$40.3 million for 2Q 2005 as compared with US$45.1 million for 2Q 2004 mainly due to the impact of the cessation of amortisation of goodwill and trade names since beginning of 2005 following the adoption of new accounting standards effective 1 January 2005. Goodwill and trade names amortisation was US$4.1 million in 2Q 2004.

In 2Q 2005, the Group recorded an impairment loss of US$2.7 million on a recently concluded charter and sale agreement of its catamaran. This disposal is in line with the Star Cruises Asia's overall fleet rationalisation plan.

Operating profit

Operating profit increased by US$6.4 million to US$23.4 million for 2Q 2005 as compared with US$17.0 million for 2Q 2004.

Non-operating income / (expense)

Non-operating expenses decreased by US$8.4 million to US$16.7 million for 2Q 2005 as compared with US$25.1 million for 2Q 2004. The decrease was mainly due to the net effect of the following items:

(a) Interest expense, net of interest income and capitalised interest increased by US$9.5 million to US$31.8 million for 2Q 2005 as compared with US$22.3 million for 2Q 2004 primarily as a result of the impact of higher interest rates. Capitalised interest increased to US$6.7 million for 2Q 2005 from US$2.0 million for 2Q 2004 mainly due to higher average borrowings associated with the ships under construction.

(b) For 2Q 2005, the Group recorded its share of loss in Valuair Limited of US$1.8 million from 1 January 2005 to 31 March 2005, resulting in a three-month lag going forward.

(c) During 2Q 2005, the Group had forward contract gain amounting to US$2.2 million as compared to a loss of US$2.9 million in 2Q 2004. The gain on forward contracts resulted primarily from the strengthening of US dollar against Singapore dollar during the quarter. The Group recorded a non-cash Euro denominated debt translation gain of US$16.2 million for 2Q 2005. The Group did not have any Euro denominated debt in 2Q 2004.

Profit / (Loss) before taxation

Profit before taxation for 2Q 2005 was US$6.7 million as compared to a loss before taxation of US$8.1 million for 2Q 2004.

Taxation

The Group incurred taxation expenses of US$0.5 million for 2Q 2005 as compared with US$0.9 million for 2Q 2004.

Net profit / (loss) attributable to shareholders

As a result, the Group recorded a net profit attributable to shareholders of US$6.2 million for 2Q 2005 as compared with net loss of US$9.0 million in 2Q 2004.

Management's Discussion and Analysis *(Continued)*

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 2Q 2005, cash and cash equivalents increased to US$366.5 million from US$306.6 million as at 31 March 2005. The increase of US$59.9 million in cash and cash equivalents was mainly due to the net effect of the following items:

(a) The Group's business provided US$93.8 million of net cash from operations for 2Q 2005 as compared to US$121.4 million for 2Q 2004. The decrease in net cash generated from operations was primarily due to the changes in operating assets and an increase in interest payment, partially offset by an increase in advance ticket sales during the quarter.

(b) The Group's capital expenditure was approximately US$179.6 million in 2Q 2005. Approximately US$161.6 million of the capital expenditure was related to capacity expansion and the remaining was vessel refurbishments and onboard assets.

(c) The Group repaid US$10.7 million of its long-term bank loans during 2Q 2005 and drewdown a total of US$217.8 million under the existing bank loans to finance its ships construction and for general working capital purposes.

(d) Restricted cash increased US$58.4 million during 2Q 2005 mainly due to amounts withheld by the credit card processor as a result of an increase in advance ticket sales and was at approximately US$95.0 million as at 30 June 2005.

Six months ended 30 June 2005 ("1H 2005") as compared with six months ended 30 June 2004 ("1H 2004")

Turnover

The Group's revenue for 1H 2005 was US$843.2 million, increased by 9.8% from US$767.7 million for 1H 2004. Net cruise revenue increased by 8.2%. The higher net cruise revenue was due primarily to a 6.8% increase in net cruise revenue yield and a 1.3% capacity increase. Occupancy for 1H 2005 was 103.8%, up from 101.6% for 1H 2004.

Star Cruises in Asia Pacific operated with 26.8% lower capacity days in 1H 2005 as compared to 1H 2004 because of the disposals of two older and less cost efficient ships m.v. SuperStar Capricorn and m.v. SuperStar Aries and the transfer of m.v. SuperStar Leo to the NCL Group. Net cruise revenue yield was 13.4% higher as compared with 1H 2004. Occupancy for 1H 2005 was 96.2%, up from 91.6% for 1H 2004.

NCL Group recorded an increase in capacity days of 11.1% for 1H 2005 as compared to 1H 2004. The increase in capacity was primarily a result of the timing and length of scheduled ships drydocking as well as the addition of m.v. Norwegian Spirit and m.v. Pride of America. Net revenue yield was up by 8.5% as compared with 1H 2004. This increase was due to higher cruise ticket prices and higher onboard spending. Occupancy for 1H 2005 was 105.6%, up from 105.1% for 1H 2004.

Cost and expenses

Total costs and expenses before interest and non-operating items for 1H 2005 amounted to US$789.8 million as compared with US$732.2 million for 1H 2004, an increase of US$57.6 million.

Operating expenses increased by US$60.8 million to US$568.8 million for 1H 2005 from US$508.0 million for 1H 2004. Ship operating expenses was 13.0% higher as compared with 1H 2004. On a per capacity day basis, ship operating expenses were 11.5% higher as compared with 1H 2004. This was due primarily to higher crew payroll costs and fuel costs. The higher crew costs were primarily attributable to the increased costs associated with the U.S. crew used for NCL Group Hawaii operations which began in June 2004. m.v. Pride of America commenced operations in mid June 2005. Average fuel prices during 1H 2005 increased approximately 30% as compared with 1H 2004. Fuel costs were at 15% of ship operating expenses as compared with 14% in 1H 2004 mainly a result of the higher fuel prices. Cruise SG&A expenses per capacity day were 2.8% higher for 1H 2005 as compared to 1H 2004 mainly due to higher shoreside expenses for the Honolulu office partially offset by lower advertising expenses.

Depreciation and amortisation expenses decreased US$12.8 million to US$80.6 million for 1H 2005 as compared with US$93.4 million for 1H 2004 as a result of the impact of the cessation of amortisation of goodwill and trade names mentioned above, and to a lesser extent, the impact of the disposal of m.v. SuperStar Capricorn and m.v. SuperStar Aries. Goodwill and trade names amortisation was US$8.2 million for 1H 2004.

In 1H 2005, the Group recorded an impairment loss of US$2.7 million on a recently concluded charter and sale agreement of its catamaran.

Operating profit

Operating profit increased by US$17.9 million to US$53.4 million for 1H 2005 as compared with US$35.5 million for 1H 2004.

Management's Discussion and Analysis *(Continued)*

Non-operating income / (expense)

Non-operating expenses decreased by US$11.1 million to US$41.9 million for 1H 2005 as compared with US$53.0 million for 1H 2004. The decrease was mainly due to the net effect of the following items:

(a) Interest expense, net of interest income and capitalised interest increased by US$18.4 million to US$62.1 million for 1H 2005 as compared with US$43.7 million for 1H 2004 primarily as a result of the impact of higher interest rates. Capitalised interest increased to US$12.3 million for 1H 2005 from US$3.3 million for 1H 2004 mainly due to higher average borrowings associated with the ships under construction.

(b) For 1H 2005, the Group recorded its share of loss in Valuair Limited of US$2.0 million from the date of acquisition in mid-December 2004 to 31 March 2005, resulting in a three-month lag going forward.

(c) During 1H 2005, the Group had a non-cash gain on foreign exchange amounting to US$3.6 million as compared to a non-cash loss on foreign exchange of US$7.3 million in 1H 2004. The Group recorded a non-cash Euro denominated debt translation gain of US$20.9 million for 1H 2005. The Group did not have any Euro denominated debt in 1H 2004.

Profit / (Loss) before taxation

Profit before taxation for 1H 2005 was US$11.5 million as compared to a loss before taxation of US$17.5 million for 1H 2004.

Taxation

The Group incurred taxation expenses of US$0.9 million for 1H 2005 as compared to US$0.7 million for 1H 2004.

Net profit / (loss) attributable to shareholders

As a result, the Group recorded a net profit attributable to shareholders of US$10.6 million for 1H 2005 as compared with net loss of US$18.2 in 1H 2004.

Liquidity and capital resources

Sources and uses of funds

For 1H 2005, cash and cash equivalents increased to US$366.5 million from US$341.0 million as at 31 December 2004. The increase of US$25.5 million in cash and cash equivalents was mainly due to the net effect of the following items:-

(a) The Group's business provided US$159.9 million of net cash from operations for 1H 2005 as compared to US$161.1 million for 1H 2004.

(b) The Group's capital expenditure was approximately US$357.9 million during 1H 2005. Approximately US$334.5 million of the capital expenditure was related to capacity expansion and the remaining was vessel refurbishments and onboard assets.

(c) The Group repaid US$72.6 million of its long-term bank loans during 1H 2005 and drewdown a total of US$368.5 million under the existing bank loans to finance its ships construction and for general working capital purposes.

(d) Restricted cash increased US$66.5 million during 1H 2005 mainly due to amounts withheld by the credit card processor as a result of an increase in advance ticket sales.

Prospects

NCL Group continues to renew its fleet with the delivery of m.v. Pride of America during 2Q 2005. NCL Group furthered this programme with the addition of m.v. Norwegian Jewel earlier this month. In addition, m.v. Norwegian Sea (renamed m.v. SuperStar Libra) left NCL fleet and transferred over to Star Cruises just a few weeks ago. She is now on her way to Singapore where she will undergo a 2 week drydock before on a relocation cruise to India. Unfortunately, NCL Group continues to be impacted by the rising costs of fuel. On a per capacity day basis, fuel costs of NCL increased 38% in 2Q 2005 and represented 7.7% of NCL's revenues.

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 2004 and the interim report for the three months ended 31 March 2005.

Interests of Directors

As at 30 June 2005, 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

	Number of ordinary shares (Notes)					Percentage
	Personal interests	Family interests	Corporate interests	Other interests	Total	of issued ordinary shares
Tan Sri Lim Kok Thay	10,722,043	4,599,245,708 *(1)*	1,952,619,759 *(2)*	4,570,887,811 *(3 and 4)*	4,609,967,751 *(5)*	87.040
Mr. Chong Chee Tut	611,730	—	—	—	611,730	0.012
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 has deemed interests and (ii) the same block of 28,357,897 ordinary shares directly held by Goldsfine Investments Ltd. ("Goldsfine") in which his wife, Puan Sri Wong Hon Yee ("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 June 2005, 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	12,807,898	0.242
Mr. Chong Chee Tut	1,660,756	0.031
Mr. William Ng Ko Seng	1,387,522	0.026
Mr. David Colin Sinclair Veitch	3,415,440	0.064

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

	Number of ordinary shares (Notes)					
	Personal interests	Family interests	Corporate interests	Other interests	Total	Percentage of issued ordinary shares
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 has deemed interests). As at 30 June 2005, SCC was a wholly-owned subsidiary of the Company which in turn was directly held by RWL as to 36.04% while Calidone was a wholly-owned subsidiary of Genting International PLC (a company listed on the Luxembourg Stock Exchange) which in turn was a subsidiary of Genting Berhad. GOHL, a wholly-owned subsidiary of Genting Berhad, controlled 65.02% equity interest in Genting International PLC.
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 June 2005, 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 2004. 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 June 2005 are as follows:

(A) Pre-listing Employee Share Option Scheme

	Number of options outstanding at 1/1/2005	Number of shares acquired upon exercise of options during the period	Number of options lapsed during the period	Number of options cancelled during the period	Number of options outstanding at 30/6/2005	Date granted	Exercise price per share	Exercisable Period
Tan Sri Lim Kok Thay (Director)	1,219,800	—	—	—	1,219,800	25/5/1998	US$0.2686	21/8/1999 – 20/8/2005
	3,537,420	(1,326,533)[1]	—	—	2,210,887	24/3/1999	US$0.2686	24/3/2002 – 23/3/2009
	1,341,780	—	(503,168)	—	838,612	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	(1,326,533)[1]	—	—	2,210,887	16/11/2000	US$0.2686	24/3/2002 – 23/3/2009
	1,341,780	—	(503,168)	—	838,612	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
	12,502,950	**(2,653,066)**	**(1,006,336)**	**—**	**8,843,548**			
Mr. Chong Chee Tut (Director)	90,265	—	—	—	90,265	25/5/1998	US$0.2686	20/12/2000 – 19/12/2005
	60,990	—	(15,248)	—	45,742	25/5/1998	US$0.4206	23/6/2000 – 22/6/2007
	414,732	(155,525)[1]	—	—	259,207	24/3/1999	US$0.2686	24/3/2002 – 23/3/2009
	73,188	—	(27,446)	—	45,742	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
	1,249,075	**(155,525)**	**(42,694)**	**—**	**1,050,856**			
Mr. William Ng Ko Seng (Director)	91,485	—	—	—	91,485	25/5/1998	US$0.2686	21/8/2000 – 20/8/2005
	24,396	—	(9,149)	—	15,247	24/3/1999	US$0.2686	24/3/2002 – 23/3/2009
	97,584	—	(36,594)	—	60,990	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
	701,385	**—**	**(45,743)**	**—**	**655,642**			
Mr. David Colin Sinclair Veitch (Director)	**1,219,800**	**—**	**(243,960)**	**—**	**975,840**	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 1/1/2005	Number of shares acquired upon exercise of options during the period	Number of options lapsed during the period	Number of options cancelled during the period	Number of options outstanding at 30/6/2005	Date granted	Exercise price per share	Exercisable Period
All other employees	3,256,866	(40,000)[2]	—	(6,099)	3,210,767	25/5/1998	US$0.2686	21/8/1999 – 20/8/2005
	41,473	—	—	—	41,473	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	—	(128,079)	—	384,237	25/5/1998	US$0.4206	23/6/2000 – 22/6/2007
	2,467,045	—	(664,813)	(27,445)	1,774,787	25/5/1998	US$0.4206	6/1/2000 – 5/1/2007
	13,078,426	(249,451)[3]	(4,794,150)	(191,201)	7,843,624	24/3/1999	US$0.2686	24/3/2002 – 23/3/2009
	7,330,988	—	(2,804,727)	(80,505)	4,445,756	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
	894,232	(71,683)[4]	(265,933)	(75,140)	481,476	30/6/1999	US$0.2686	30/6/2002 – 29/6/2009
	1,778,652	—	(658,712)	(93,193)	1,026,747	30/6/1999	US$0.4206	30/6/2002 – 29/6/2009
	2,312,619	(28,447)[5]	—	—	2,284,172	23/10/2000	US$0.2686	23/10/2003 – 22/8/2010
	3,074,960	—	—	(60,990)	3,013,970	23/10/2000	US$0.4206	23/10/2003 – 22/8/2010
	34,878,706	**(389,581)**	**(9,325,563)**	**(534,573)**	**24,628,989**			
Grand Total	**50,551,916**	**(3,198,172)**	**(10,664,296)**	**(534,573)**	**36,154,875**			

Notes:

1. Exercise date was 22 March 2005. At the date before the options were exercised, the market closing value per share quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was HK$2.100.

2. Exercise date was 23 June 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK$2.250.

3. At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK$2.098.

4. Exercise date was 18 January 2005. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK$2.300.

5. At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK$2.317.

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

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 become 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 of 10% 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 1/1/2005	Number of shares acquired upon exercise of options during the period	Number of options lapsed during the period	Number of options cancelled during the period	Number of options outstanding at 30/6/2005	Date granted	Exercise price per share	Exercisable Period
Tan Sri Lim Kok Thay	3,369,697	—	—	—	3,369,697	19/8/2002	HK$2.9944	20/8/2004 – 19/8/2012
(Director)	594,653	—	—	—	594,653	23/8/2004	HK$1.7240	24/8/2006 – 23/8/2014
	3,964,350	**—**	**—**	**—**	**3,964,350**			
Mr. Chong Chee Tut	518,415	—	—	—	518,415	19/8/2002	HK$2.9944	20/8/2004 – 19/8/2012
(Director)	91,485	—	—	—	91,485	23/8/2004	HK$1.7240	24/8/2006 – 23/8/2014
	609,900	**—**	**—**	**—**	**609,900**			
Mr. William Ng Ko Seng	622,098	—	—	—	622,098	19/8/2002	HK$2.9944	20/8/2004 – 19/8/2012
(Director)	109,782	—	—	—	109,782	23/8/2004	HK$1.7240	24/8/2006 – 23/8/2014
	731,880	**—**	**—**	**—**	**731,880**			
Mr. David Colin	2,073,660	—	—	—	2,073,660	19/8/2002	HK$2.9944	20/8/2004 – 19/8/2012
Sinclair Veitch (Director)	365,940	—	—	—	365,940	23/8/2004	HK$1.7240	24/8/2006 – 23/8/2014
	2,439,600	**—**	**—**	**—**	**2,439,600**			
All other employees	68,474,325	—	(1,633,796)	—	66,840,529	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	—	(2,742,208)	(7,319)	9,766,538	23/8/2004	HK$1.7240	24/8/2006 – 23/8/2014
	81,783,260	**—**	**(4,376,004)**	**(7,319)**	**77,399,937**			
Grand Total	**89,528,990**	**—**	**(4,376,004)**	**(7,319)**	**85,145,667**			

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 June 2005, 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

	Number of ordinary shares (Notes)					Percentage
Name of shareholder (Notes)	Direct/Personal interests	Family interests	Corporate interests	Other interests	Total	of issued ordinary shares
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)*	36.33
Kien Huat Realty Sdn Bhd *(2)*	—	—	1,924,261,862 *(10)*	—	1,924,261,862	36.33
Genting Berhad *(3)*	—	—	1,924,261,862 *(10)*	—	1,924,261,862	36.33
Resorts World Bhd *(4)*	—	—	1,908,561,862 *(11)*	—	1,908,561,862	36.04
Sierra Springs Sdn Bhd *(5)*	—	—	1,908,561,862 *(11)*	—	1,908,561,862	36.04
Resorts World Limited *(5)*	1,908,561,862	—	—	—	1,908,561,862	36.04
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)*	49.97
Cove Investments Limited *(7)*	—	—	—	2,646,625,949 *(18 and 20)*	2,646,625,949 *(21)*	49.97
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)*	49.97
Joondalup Limited *(9)*	414,260,835	—	—	—	414,260,835	7.82
Puan Sri Wong Hon Yee	—	4,609,967,751 *(19(a))*	28,357,897 *(19(b))*	299,600,000 *(20)*	4,609,967,751 *(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 June 2005, Tan Sri Lim Kok Thay ("Tan Sri KT Lim") controlled 33.33% of the equity interest in Parkview.
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 June 2005.
3. Genting Berhad ("GB"), a company listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia") of which KHR controlled 41.56% of its equity interest as at 30 June 2005.
4. Resorts World Bhd ("RWB"), a company listed on Bursa Malaysia of which GB controlled 57.74% of its equity interest as at 30 June 2005.
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).

Interests of Substantial Shareholders *(Continued)*

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

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 4,609,967,751 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 June 2005.

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	12,807,898 (Note)	0.242

Note:

Puan Sri Wong Hon Yee as the spouse of Tan Sri KT Lim, is deemed to have a family interest in 12,807,898 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 June 2005, 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$4.19 billion, of which US$3.53 billion has been drawndown, with terms ranging from six to sixteen years from the dates of these agreements. As at 30 June 2005, the outstanding loan balances was approximately US$2.44 billion. The Euro denominated amounts have been translated into US dollars based on the exchange rate of US$1.2098 to €1 as at 30 June 2005.

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 of 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 six months ended 30 June 2005, save for the issue of 3,158,172 new ordinary shares of US$0.10 each at an aggregate price of US$848,285 pursuant to the exercise of options granted under the Pre-listing Employee Share Option Scheme.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the period from 1 January 2005 to 30 June 2005 (both dates inclusive).

Corporate Governance

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2005, save for the code provisions on internal controls, which are to be implemented for accounting periods commencing on or after 1 July 2005 pursuant to the CG Code, and deviations from certain code provisions listed below:

Code Provision A.2.1

Under this code provision, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Currently, Tan Sri Lim Kok Thay is the Chairman, President and Chief Executive Officer of the Company. He has been with the Group since the formation of the Company in 1993 and has considerable cruise industry experience. He provides leadership for the Board in considering and setting the overall strategies and objectives of the Company. Mr. Chong Chee Tut, Executive Director and the Chief Operating Officer is responsible for the day-to-day management of the Company's business with the assistance of the other executive Directors and the senior management team. The Board is of the view that it is in the interests of the Company to maintain this arrangement so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is capable to guide discussions and brief the Board in a timely manner on key issues and developments.

Given that there is a balanced Board with three experienced independent non-executive Directors ("Independent Directors") representing more than one-third of the Board and an Independent Director acting as the Deputy Chairman, the Board is of the view that there is a strong independent element on the Board to exercise independent judgment and provide sufficient check and balance.

The Board will evaluate from time to time the appropriateness of the dual roles of chairman and chief executive officer performed by the same individual and ensure that the arrangement will continue to be in the interests of the Company and its shareholders as a whole.

Code Provision A.4.1

Under this code provision, non-executive directors should be appointed for a specific term, subject to re-election.

Currently, the Independent Directors of the Company are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws. The Company will review and fix as appropriate the term of office of each Independent Director in conjunction with its review on the Bye-laws amendments relating to directors' retirement by rotation under Code Provision A.4.2 mentioned below.

Code Provision A.4.2

Under this code provision, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Bye-laws of the Company:

(i) at each annual general meeting one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), shall retire from office by rotation save any Director holding office as Chairman or Managing Director; and

(ii) Directors appointed to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall be eligible for re-election at the meeting.

The Company will propose appropriate amendments to its current Bye-laws for adoption by its shareholders latest at the next following annual general meeting, in order to ensure compliance with this code provision and consistency with the Bye-laws.

Review by Audit Committee

This interim report has been reviewed by the Audit Committee established in compliance with Rule 3.21 of the Listing Rules and the relevant provisions of the CG Code. The Audit Committee comprises the three Independent Non-executive Directors of the Company, namely, Mr. Alan Howard Smith, J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng.

On behalf of the Board

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

Hong Kong, 23 August 2005