STAR CRUISES LIMITED

(Continued into Bermuda with limited liability – Registration No. 29337)

(Stock Code: 678)

INTERIM REPORT TO SHAREHOLDERS

for the three months and six months ended 30 June 2006

STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

Interim Report for the three months and six months ended 30 June 2006

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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 results 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
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The Board of Directors (the "Directors") of Star Cruises Limited (the "Company") presents the unaudited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 June 2006, as follows:

Consolidated Income Statements

		Three months ended 30 June		Six months ended 30 June	
		2006	2005	2006	2005
		US$'000	*US$'000*	*US$'000*	*US$'000*
	Note	*unaudited*	*unaudited*	*unaudited*	*unaudited*
Turnover	2	590,053	452,342	1,099,677	867,846
Operating expenses (excluding depreciation, amortisation and impairment loss)		(428,853)	(314,884)	(801,622)	(593,446)
Selling, general and administrative expenses (excluding depreciation)		(68,666)	(71,058)	(139,152)	(137,623)
Depreciation and amortisation	3	(53,063)	(40,256)	(104,317)	(80,630)
Impairment loss	4	—	(2,700)	—	(2,700)
		(550,582)	(428,898)	(1,045,091)	(814,399)
Operating profit	2, 3	39,471	23,444	54,586	53,447
Interest income		2,052	2,782	3,807	4,212
Financial costs	5	(41,797)	(34,553)	(88,160)	(66,314)
Share of losses of associates	6	(75)	(1,800)	(729)	(1,951)
Other non-operating income / (expenses), net	7	(33,141)	16,863	(38,589)	22,132
		(72,961)	(16,708)	(123,671)	(41,921)
Profit / (Loss) before taxation		(33,490)	6,736	(69,085)	11,526
Taxation	8	(456)	(536)	86	(923)
Profit / (Loss) for the period		(33,946)	6,200	(68,999)	10,603
Basic earnings / (loss) per share (US cents)	9	(0.64)	0.12	(1.30)	0.20
Diluted earnings / (loss) per share (US cents)	9	(0.64)	0.12	N/A*	0.20
Operating data					
Passenger Cruise Days		2,562,651	2,157,961	4,946,487	4,220,051
Capacity Days		2,478,588	2,045,705	4,878,369	4,063,899
Occupancy as a percentage of total capacity days		103%	105%	101%	104%

* Diluted loss per share for the six months ended 30 June 2006 is not shown as the diluted loss per share is less than the basic loss per share.

Consolidated Balance Sheet

	Note	As at 30 June 2006 US$'000 unaudited	(Restated) 31 December 2005 US$'000 audited
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		605,994	605,994
Deferred tax assets		359	359
Property, plant and equipment		4,523,402	4,362,918
Lease prepayments		1,788	1,739
Available-for-sale investment	10	—	10,285
Restricted cash		150	150
Other assets	11	74,306	84,770
		5,205,999	5,066,215
CURRENT ASSETS			
Consumable inventories		33,534	33,630
Trade receivables	12	16,734	22,810
Prepaid expenses and others		47,574	47,959
Derivative financial instruments	15	1,342	4,533
Amounts due from related companies	17	255	—
Restricted cash		5,070	48,034
Cash and cash equivalents		179,273	187,698
		283,782	344,664
TOTAL ASSETS		5,489,781	5,410,879

Consolidated Balance Sheet *(Continued)*

	Note	As at 30 June 2006 US$'000 unaudited	(Restated) 31 December 2005 US$'000 audited
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		530,030	530,018
Reserves:			
Share premium		1,269,110	1,269,089
Additional paid-in capital		93,893	93,893
Convertible bonds – equity component	14	14,400	14,400
Foreign currency translation adjustments		(22,343)	(24,052)
Unamortised share option expense		(633)	(1,087)
Cash flow hedge reserve		2,913	5,368
Retained earnings / (Accumulated losses)		(56,747)	12,252
		1,830,623	1,899,881
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowings	13	2,670,619	2,671,129
Derivative financial instruments	15	188	7,240
Other long-term liabilities		2,318	2,631
Deferred tax liabilities		530	574
		2,673,655	2,681,574
CURRENT LIABILITIES			
Trade creditors	16	75,771	90,815
Current income tax liabilities		717	1,647
Provisions, accruals and other liabilities		214,144	189,998
Current portion of long-term borrowings	13	280,566	256,442
Derivative financial instruments	15	564	354
Amounts due to related companies	17	—	118
Advance ticket sales		413,741	290,050
		985,503	829,424
TOTAL LIABILITIES		3,659,158	3,510,998
TOTAL EQUITY AND LIABILITIES		5,489,781	5,410,879

Consolidated Cash Flow Statements

	Three months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
OPERATING ACTIVITIES				
Cash generated from operations	174,312	113,129	283,850	221,269
Interest paid	(38,265)	(20,322)	(86,369)	(63,543)
Interest received	2,720	1,600	4,128	3,081
Income tax paid	(468)	(657)	(2,171)	(937)
Net cash inflow from operating activities	138,299	93,750	199,438	159,870
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(190,300)	(179,601)	(250,264)	(357,891)
Proceeds from sale of property, plant and equipment	17	26	14,067	31
Others	—	(115)	(154)	(338)
Net cash outflow from investing activities	(190,283)	(179,690)	(236,351)	(358,198)
FINANCING ACTIVITIES				
Proceeds from long-term borrowings	167,436	217,756	247,441	368,457
Principal repayments of long-term borrowings	(150,528)	(10,726)	(259,244)	(72,570)
Proceeds from issuance of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme	33	817	33	848
Restricted cash, net	53,416	(58,350)	42,964	(66,524)
Others, net	(2,729)	(2,945)	(4,605)	(5,129)
Net cash inflow from financing activities	67,628	146,552	26,589	225,082
Effect of exchange rate changes on cash and cash equivalents	509	(693)	1,899	(1,260)
Net increase / (decrease) in cash and cash equivalents	16,153	59,919	(8,425)	25,494
Cash and cash equivalents at the beginning of the period	163,120	306,602	187,698	341,027
Cash and cash equivalents at the end of the period	179,273	366,521	179,273	366,521
NON-CASH INVESTING ACTIVITY				
Acquisition of motor vehicles by means of finance lease	1,017	126	5,530	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 2006									
unaudited									
At 1 January 2006	530,018	1,269,089	93,893	14,400	(24,052)	(1,087)	5,368	12,252	1,899,881
Exchange translation differences	—	—	—	—	1,709	—	—	—	1,709
Cash flow hedge:									
– Gain on financial instruments	—	—	—	—	—	—	5,302	—	5,302
– Transferred to consolidated income statement	—	—	—	—	—	—	(7,757)	—	(7,757)
Net amounts not recognised in the consolidated income statement	—	—	—	—	1,709	—	(2,455)	—	(746)
Loss for the period	—	—	—	—	—	—	—	(68,999)	(68,999)
Total recognised income / (expense) for the period	—	—	—	—	1,709	—	(2,455)	(68,999)	(69,745)
Issue of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme	12	21	—	—	—	—	—	—	33
Amortisation of share option expense	—	—	—	—	—	454	—	—	454
At 30 June 2006	530,030	1,269,110	93,893	14,400	(22,343)	(633)	2,913	(56,747)	1,830,623
Six months ended 30 June 2005									
unaudited									
At 1 January 2005	529,320	1,267,913	94,018	14,400	(23,197)	(2,300)	(9,221)	(5,654)	1,865,279
Exchange translation differences	—	—	—	—	(1,027)	—	—	—	(1,027)
Cash flow hedge:									
– Gain on financial instruments	—	—	—	—	—	—	431	—	431
– Transferred to consolidated income statement	—	—	—	—	—	—	5,996	—	5,996
Net amounts not recognised in the consolidated income statement	—	—	—	—	(1,027)	—	6,427	—	5,400
Profit for the period	—	—	—	—	—	—	—	10,603	10,603
Total recognised income / (expense) for the period	—	—	—	—	(1,027)	—	6,427	10,603	16,003
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)	4,949	1,882,959

Notes to the Consolidated Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The unaudited financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The unaudited consolidated financial statements are prepared under the historical cost convention, as modified by the revaluations of available-for-sale financial assets and certain financial assets and financial liabilities (including derivative instruments) which are carried at fair value.

The Group's operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire financial year. This interim report should be read where relevant, in conjunction with the annual report of the Group for the year ended 31 December 2005.

Where necessary, certain comparative figures have been reclassified to conform to the current period's presentation.

During the three months ended 30 June 2006, the Group changed its accounting policy for technical spare parts whereby the technical spare parts are now classified as property, plant and equipment and depreciated over the remaining useful lives of the related vessels. The technical spare parts were previously included within consumable inventories and other assets.

The effects of the change in accounting policy have been accounted for retrospectively as follows:

	As previously reported *US$'000*	Effect of change in accounting policy *US$'000*	As restated *US$'000*
Group			
At 31 December 2005			
Property, plant and equipment	4,341,443	21,475	4,362,918
Other assets	101,543	(16,773)	84,770
Consumable inventories	38,332	(4,702)	33,630

This change in accounting policy does not have a material impact on the results of the Group in respect of the current and prior periods.

2. TURNOVER AND OPERATING PROFIT

The Group is principally engaged in the operation of passenger cruise ships. Cruise and cruise related revenues comprise sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from onboard services and other related services, including gaming, food and beverage. Cruise and cruise related revenues consist of passenger ticket revenue of approximately US$391.9 million and US$292.3 million for the three months ended 30 June 2006 and 2005, respectively and approximately US$721.2 million and US$558.7 million for the six months ended 30 June 2006 and 2005, respectively. The remaining portion relates to revenues from onboard and other related services.

The Group's turnover and operating profit in its principal markets of North America and Asia Pacific are analysed as follows:

	TURNOVER			
	Three months ended 30 June		Six months ended 30 June	
	2006 *US$'000* *unaudited*	2005 *US$'000* *unaudited*	2006 *US$'000* *unaudited*	2005 *US$'000* *unaudited*
Asia Pacific	99,270	91,495	193,949	165,744
North America[1]	430,984	328,664	804,119	639,185
Others	59,799	32,183	101,609	62,917
	590,053	452,342	1,099,677	867,846

2. TURNOVER AND OPERATING PROFIT *(Continued)*

	OPERATING PROFIT			
	Three months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
Asia Pacific[2]	17,784	19,876	30,681	33,151
North America[1]	21,794	3,126	23,645	18,212
Others	(107)	442	260	2,084
	39,471	23,444	54,586	53,447

Notes:

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

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

	Three months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
Depreciation of property, plant and equipment	53,063	39,792	104,317	79,709
Amortisation of software development costs	—	464	—	921
Total depreciation and amortisation	53,063	40,256	104,317	80,630
analysed into:				
– relating to operating function	50,021	37,902	98,310	75,873
– relating to selling, general and administrative function	3,042	2,354	6,007	4,757
Fuel costs	52,984	33,171	99,552	59,993
Advertising expenses	16,927	21,893	34,045	43,455
Write back of custom fines on itinerary modifications resulting from the Azipod problem on a ship	—	(2,344)	—	(2,344)
Impairment loss (see note 4)	—	2,700	—	2,700

4. 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 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 Consolidated Financial Statements *(Continued)*

5. FINANCIAL COSTS

	Three months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
Amortisation of:				
– bank loans arrangement fees	4,328	4,170	7,952	7,765
– issue costs of convertible bonds and US$250 million unsecured Senior Notes	444	425	881	834
Interest on:				
– bank loans and others	28,769	26,548	64,058	50,747
– convertible bonds and US$250 million unsecured Senior Notes	9,917	10,110	19,932	19,249
Total borrowing costs incurred	43,458	41,253	92,823	78,595
Less: interest capitalised in property, plant and equipment	(1,661)	(6,700)	(4,663)	(12,281)
Total financial costs	41,797	34,553	88,160	66,314

6. SHARE OF LOSSES OF ASSOCIATES

In March 2006, the Group through a wholly-owned subsidiary, Star Cruises Asia Holding Ltd., further subscribed for 249,995 shares for S$249,995 in Infinity @ TheBay Pte. Ltd. ("Infinity"). Upon due subscription, the Group held 250,000 shares representing 25% interest in Infinity. Accordingly, the Group has accounted for its interest in Infinity using the equity method and has recorded its portion of Infinity's net operating results as share of loss of an associate. During the six months ended 30 June 2006, the Group's share of losses from Infinity amounted to US$654,000.

In addition, the Group accounted for its 30% share of loss in a joint venture company, a company set up for the purpose of preparing for an expression of interest submitted to Hong Kong Government for development of a cruise terminal, of US$75,000 during the six months ended 30 June 2006.

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

	Three months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
Gain / (Loss) on derivative instruments	(766)	2,152	(2,300)	3,609
Loss on foreign exchange	(1,881)	(1,440)	(972)	(2,215)
Gain / (Loss) on translation of debts	(20,204)	16,188	(24,868)	20,933
Impairment of non-cruise related investment (see note 10)	(10,285)	—	(10,285)	—
Other non-operating expenses, net	(5)	(37)	(164)	(195)
	(33,141)	16,863	(38,589)	22,132

Notes to the Consolidated Financial Statements *(Continued)*

8. TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
Overseas taxation				
– Current taxation	455	469	803	717
– Deferred taxation	—	—	(900)	—
	455	469	(97)	717
Under / (Over) provision in respect of prior years				
– Current taxation	58	44	68	49
– Deferred taxation	(57)	23	(57)	157
	456	536	(86)	923

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.

9. EARNINGS / (LOSS) PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*unaudited*	*unaudited*
BASIC				
Profit / (Loss) for the period	(33,946)	6,200	(68,999)	10,603
Weighted average outstanding ordinary shares in thousands	5,300,299	5,296,190	5,300,240	5,294,720
Basic earnings / (loss) per share in US cents	(0.64)	0.12	(1.30)	0.20
DILUTED				
Profit / (Loss) for the period	(33,946)	6,200	(68,999)	10,603
Weighted average outstanding ordinary shares in thousands	5,300,299	5,296,190	5,300,240	5,294,720
Effect of dilutive ordinary shares in thousands	—	3,926	846	3,602
Weighted average outstanding ordinary shares after assuming dilution in thousands	5,300,299	5,300,116	5,301,086	5,298,322
Diluted earnings / (loss) per share in US cents	(0.64)	0.12	N/A*	0.20

* Diluted loss per share for the six months ended 30 June 2006 is not shown as the diluted loss per share is less than the basic loss per share.

Notes to the Consolidated Financial Statements *(Continued)*

10. AVAILABLE-FOR-SALE INVESTMENT

During the three months ended 30 June 2006, the Group made full provision for impairment loss of its investment in Orangestar Investment Holdings Pte. Ltd. ("Orangestar"), amounting to US$10.3 million. This is in view of the prolonged unavailability of updated cash flow projections and business plans for management to accurately assess the recoverable amount of the investment. The investment in Orangestar had previously been classified as an available-for-sale investment.

11. OTHER ASSETS

	As at	
		(Restated)
	30 June 2006	31 December 2005
	US$'000	*US$'000*
	unaudited	*audited*
Loan arrangement fees	49,020	52,699
Convertible bonds and senior notes issuance costs	9,322	9,926
Software development costs, net (see note below)	—	14,291
Others	15,964	7,854
	74,306	84,770

Note:

Software development costs of US$14.3 million as at 31 December 2005 relates to a subsidiary of the Company. As at 31 March 2006, the balance of software development costs relating to this subsidiary has been reclassified as property, plant and equipment to be consistent with the Group's presentation.

12. TRADE RECEIVABLES

	As at	
	30 June 2006	31 December 2005
	US$'000	*US$'000*
	unaudited	*audited*
Trade receivables	18,366	25,104
Less: Provisions	(1,632)	(2,294)
	16,734	22,810

At 30 June 2006 and 31 December 2005, the ageing analysis of the trade receivables were as follows:

	As at	
	30 June 2006	31 December 2005
	US$'000	*US$'000*
	unaudited	*audited*
Current to 30 days	8,468	16,208
31 days to 60 days	2,340	2,251
61 days to 120 days	2,567	2,570
121 days to 180 days	3,040	2,098
181 days to 360 days	1,946	1,970
Over 360 days	5	7
	18,366	25,104

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

13. LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

	Note	As at 30 June 2006 US$'000 unaudited	As at 31 December 2005 US$'000 audited
SECURED:			
US$521.6 million syndicated term loan		145,973	154,560
US$450 million term loan		136,725	159,513
US$400 million Reducing Revolving Credit Facility		294,000	320,500
US$626.9 million secured Norwegian Dawn/Star loan		240,320	250,769
US$225 million secured Norwegian Sun loan		180,000	189,000
€298 million secured Pride of America loans	(i)	322,001	336,638
US$334.1 million secured Norwegian Jewel loan	(ii)	310,750	324,261
€308.1 million secured Pride of Hawaii loan		382,423	200,120
US$800 million secured loan facility		482,500	545,000
UNSECURED:			
US$250 million unsecured Senior Notes		250,000	250,000
Convertible bonds (see note 14)		191,340	186,321
Others		15,153	10,889
Total liabilities		2,951,185	2,927,571
Less: Current portion		(280,566)	(256,442)
Long-term portion		2,670,619	2,671,129

All the outstanding balances of the long-term borrowings are denominated in U.S. dollars except for the outstanding balance of €299.0 million (US$382.4 million equivalent) of the €308.1 million secured Pride of Hawaii loan which is denominated in Euro (2005: €169.0 million, US$200.1 million equivalent).

Notes:

(i) In March 2006, the Group converted the €40 million Pride of America Commercial Loan from a floating London Interbank Offer Rate based rate ("LIBOR") plus a margin of 135 basis points to a fixed rate of 6.595%.

(ii) In April 2006, the Group converted the US$334.1 million secured Norwegian Jewel loan from a floating LIBOR-based rate plus a margin of 75 basis points to a fixed rate of 6.1075%.

Notes to the Consolidated Financial Statements *(Continued)*

14. 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 liability component included in long-term borrowings (see note 13) 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 consolidated balance sheet is as follows:

	As at 30 June 2006 *US$'000* *unaudited*	As at 31 December 2005 *US$'000* *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	20,721	11,212
Interest expense for the period / year	6,819	13,109
Interest paid during the period / year	(1,800)	(3,600)
Liability component	191,340	186,321

The fair value of the liability component of the Bonds at 30 June 2006 amounted to US$190.8 million. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 7.4%. The interest expense on the bonds is calculated using the effective interest method by applying the effective interest rate of 7.4% to the liability component.

During the three months and six months ended 30 June 2006, none of the Bonds were redeemed or purchased by the Company or converted into ordinary shares of the Company.

15. FINANCIAL INSTRUMENTS

(i) The Group has several interest rate swaps with an aggregate notional 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 2006, the estimated fair market value of the interest rate swaps was approximately US$0.5 million, which was unfavourable to the Group. The amount has been recorded within the non-current portion of the derivative financial instruments in the consolidated balance sheet.

These interest rate swaps have been designated and qualified as cash flow hedges. 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 income statement as the underlying hedged items are recognised.

(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.

As at 30 June 2006, the estimated fair market value of these interest rate swaps was approximately US$0.3 million, which was favourable to the Group. This amount has been recorded within the non-current portion of the derivative financial instruments in the consolidated balance sheet. The changes in the fair value of these interest rate swaps were included in interest expense in the consolidated income statement.

(iii) The Group has 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 2006, the estimated fair market value of these forward contracts was approximately US$0.2 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 income statement. This amount has been recorded within the current portion of the derivative financial instruments in the consolidated balance sheet.

15. FINANCIAL INSTRUMENTS *(Continued)*

(iv) The Group entered into fuel swap agreements to mitigate the impact of fluctuations in fuel prices. The Group had fuel swap agreements with an aggregate notional amount of US$12.5 million to pay fixed price for fuel. The changes in the fair value of these fuel swap agreements are recognised as other income in the consolidated income statement. These fuel swap agreements matured by 30 June 2006.

During the six months ended 30 June 2006, the Group entered into further fuel swap agreements with an aggregate notional amount of US$13.6 million, maturing through 2006, to pay fixed price for fuel. As at 30 June 2006, the estimated fair market value of the fuel swap was approximately US$0.5 million, which was favourable to the Group. This amount has been recorded within the current portion of the derivative instruments in the consolidated balance sheet. These fuel swaps have been designated and qualified as cash flow hedges. The changes in the fair value of these fuel swaps are included as a separate component of reserves and are recognised in the consolidated income statement as the underlying hedged items are recognised.

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 2006.

16. TRADE CREDITORS

The ageing of trade creditors as at 30 June 2006 and 31 December 2005 were as follows:

	As at	
	30 June 2006 *US$'000* *unaudited*	31 December 2005 *US$'000* *audited*
Current to 60 days	71,688	82,033
61 days to 120 days	3,452	8,369
121 days to 180 days	145	92
Over 180 days	486	321
	75,771	90,815

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

17. 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 wholly-owned indirectly by a brother of Tan Sri Lim Kok Thay.

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 Euro MTF Market of the Luxembourg Stock Exchange and the Singapore Exchange Securities Trading Limited.

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 2006, the carrying amount of this investment in WCIL amounted to US$35,000 is included within other assets. The Group shares an insignificant loss from WCIL during the three months ended 30 June 2006. The Group's share of losses from WCIL amounted to US$43,000 for the three months ended 30 June 2005 and US$30,000 and US$70,000 for the six months ended 30 June 2006 and 2005, respectively.

VXL Capital Limited ("VXL") is a company in which a brother of Tan Sri Lim Kok Thay has a substantial interest and is listed on The Stock Exchange of Hong Kong Limited. Each of the Group and VXL has a 30% interest in the joint venture company (see note 6).

Infinity @ TheBay Pte. Ltd., a company in which a subsidiary of each of the Company and GIPLC has 25% and 75% interest, respectively, will be submitting a proposal in response to the Singapore Tourism Board's Request for Proposals for the Integrated Resort at Sentosa in October 2006 (see note 6).

Notes to the Consolidated Financial Statements *(Continued)*

17. 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 2006 and 2005 are set out below:

(a) KHD, together with its related companies, is involved in carrying out improvements to the Group's berthing facilities and other infrastructure facilities. Amounts charged to the Group in respect of these services were approximately US$75,000 for the three months and six months ended 30 June 2006. No amounts were charged to the Group in respect of these services for the three months and six months ended 30 June 2005.

(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, leasing of office space 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$517,000 and US$384,000 for the three months ended 30 June 2006 and 2005, respectively and approximately US$819,000 and US$584,000 for the six months ended 30 June 2006 and 2005, respectively.

(c) The Group provides certain administrative support services to GIPLC internationally and the amounts charged to GIPLC were approximately US$- and US$18,000 for the three months ended 30 June 2006 and 2005, respectively and approximately US$- and US$38,000 for the six months ended 30 June 2006 and 2005, respectively.

(d) WCIL together with its related companies operate and administer 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 2006 and 2005, the following transactions took place:

	Three months ended 30 June		Six months ended 30 June	
	2006	2005	2006	2005
	US$'000 *unaudited*	*US$'000* *unaudited*	*US$'000* *unaudited*	*US$'000* *unaudited*
Amounts charged from the GB Group to the Group	64	69	143	161
Amounts charged to the GB Group by the Group	17	62	41	150

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

18. CAPITAL COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure

The Group had the following commitments as at 30 June 2006 and 31 December 2005:

	As at 30 June 2006	31 December 2005
	US$'000 *unaudited*	*US$'000* *audited*
Contracted but not provided for – Cruise ships and other related costs	962,216	1,335,000

18. CAPITAL COMMITMENTS AND CONTINGENCIES *(Continued)*

(ii) Material litigation

Save as disclosed below, there were no material updates to the information disclosed in the Group's annual report for the year ended 31 December 2005 and the interim report for the three months ended 31 March 2006.

(a) On 6 April 2001, a complaint was filed in the United States District Court for the Southern District of New York against Star Cruises Limited, Arrasas Limited (collectively, "Star") and the Bank of New York ("BNY"). The plaintiff claimed that Star violated the U.S. securities laws by making false and misleading disclosures in connection with Star's mandatory offer for the shares of NCL Holding ASA ("NCLH"), and that Star was unjustly enriched. BNY brought cross claims and third-party claims against Star and NCLH. The Court dismissed all claims by plaintiff against Star and all of BNY's claims against Star and NCLH, except for BNY's claim against NCLH for indemnification of costs and legal fees incurred in the action. On 9 August 2005, the Court granted BNY's motion for summary judgement on the claim for indemnification of its attorneys' fees. On 16 December 2005, Star and plaintiff entered into a settlement agreement and mutual release. On 27 December 2005, the Court ordered judgement on BNY's indemnification claim in the amount of US$2.3 million. A settlement agreement and mutual release was entered into on 29 June 2006.

(b) On 16 June 2006, a complaint was filed against NCL Corporation Ltd. ("NCLC") in the Circuit Court of Miami-Dade County, Florida, alleging breach of contract and fraudulent misrepresentation stemming from two 2004 charter sailings of m.v. Pride of Aloha. NCLC believes that it has meritorious defenses to these claims and, accordingly, is defending vigorously this action.

(iii) Contingencies

On 1 June 2006, Crown Odyssey Limited ("COL"), a subsidiary of the Company, entered into a sale and leaseback arrangement of m.v. Norwegian Crown with a third party. m.v. Norwegian Crown will be delivered to its new owner in late August 2006. The Company will guarantee the due and punctual performance of certain obligations of COL under the sale and leaseback arrangement up to a maximum aggregate liability of US$10 million.

Interim Dividend

The Directors do not recommend the declaration of any interim dividend in respect of the six months ended 30 June 2006.

Management's Discussion and Analysis

The following discussion is based on, and should be read in conjunction with, the financial statements and the notes thereto included elsewhere in this interim report and the annual report of the Group for the year ended 31 December 2005.

Terminology

Capacity Days represent double occupancy per cabin multiplied by the number of cruise days for the period.

Net Revenue Yield represents total revenues less commissions, transportation and other expenses, and onboard and other expenses per Capacity Day. The Group utilises Net Revenue Yield to manage its business on a day-to-day basis and believes that it is the most relevant measure of the pricing performance and is commonly used in the cruise industry to measure pricing performance.

Ship Operating Expenses represent operating expenses excluding commissions, transportation and other expenses and onboard and other expenses.

Passenger Cruise Days represent the number of passengers carried for the period multiplied by the number of days in their respective cruises.

Occupancy Percentage, in accordance with cruise industry practice, represents the ratio of Passenger Cruise Days to Capacity Days. A percentage in excess of 100% indicates that three or more passengers occupied some cabins.

Management's Discussion and Analysis *(Continued)*

Three months ended 30 June 2006 ("2Q 2006") compared with three months ended 30 June 2005 ("2Q 2005")

Turnover

The Group's revenue for 2Q 2006 was US$590.1 million, increased by 30.4% from US$452.3 million for 2Q 2005. Net revenue increased by 24.3%. The higher net revenue was due primarily to a 21.2% capacity increase and a 2.6% increase in net revenue yield. Occupancy decreased to 103.4% in 2Q 2006 from 105.5% in 2Q 2005.

Star Cruises generated a 2.4% higher net revenue for 2Q 2006 on a 28.5% capacity increase which was partially offset by a 19.2% lower net revenue yield. Occupancy level for 2Q 2006 was down to 87.6% from 100.0% in 2Q 2005. The capacity increase came from the addition of m.v. SuperStar Libra, which commenced operation in India in mid September 2005. The lower net revenue yield and occupancy were primarily due to the lower occupancy for the m.v. SuperStar Libra in the first inaugural seasons in India and Eastern Mediterranean.

Net revenue for NCL Group was 30.5% higher on a 19.5% capacity increase and a 9.2% increase in net revenue yield. The increase in capacity was primarily due to the additions of m.v. Pride of America, m.v. Norwegian Jewel and m.v. Pride of Hawaii, which entered service in June 2005, August 2005 and June 2006, respectively. The increase in capacity was partially offset by the return of m.v. SuperStar Libra to Star Cruises upon expiration of the charter agreement in August 2005. The increase in net revenue yield was primarily the result of a higher passenger ticket revenues and increased onboard spending. Occupancy level in 2Q 2006 increased to 107.3% from 106.8% in 2Q 2005.

Cost and expenses

Total costs and expenses before interest and non-operating items for 2Q 2006 amounted to US$550.6 million compared with US$428.9 million for 2Q 2005, an increase of US$121.7 million.

Operating expenses increased by US$114.0 million to US$428.9 million for 2Q 2006 from US$314.9 million for 2Q 2005. Ship operating expenses was 28.9% higher compared with 2Q 2005. On a per capacity day basis, ship operating expenses were 6.4% higher compared with 2Q 2005, of which fuel costs accounted for 5.0 percentage points of this increase. Average fuel prices in 2Q 2006 increased approximately 33% from 2Q 2005. Fuel costs accounted for approximately 19.4% of ship operating expenses in 2Q 2006 compared with 15.6% in 2Q 2005.

Selling, general and administrative ("SG&A") expenses decreased by US$2.4 million to US$68.7 million for 2Q 2006 from US$71.1 million for 2Q 2005. SG&A expenses per capacity day decreased 20.2% compared with 2Q 2005 mainly due to economies of scale achieved from US$71.1 million for 2Q 2005 with the capacity increase.

Depreciation and amortisation expenses increased by US$12.8 million to US$53.1 million for 2Q 2006 compared with US$40.3 million for 2Q 2005 primarily due to depreciation expenses of m.v. Pride of America, m.v. Norwegian Jewel and m.v. Pride of Hawaii as well as higher drydocking expenses. On a per capacity day basis, depreciation and amortisation expenses increased 8.8% compared with 2Q 2005.

In 2Q 2005, the Group recorded an impairment loss of US$2.7 million pursuant to a concluded charter and sale agreement of its catamaran.

Operating profit

Operating profit increased by US$16.1 million to US$39.5 million for 2Q 2006 from US$23.4 million in 2Q 2005.

Non-operating income / (expenses)

Non-operating expenses increased by US$56.3 million to US$73.0 million for 2Q 2006 compared with US$16.7 million for 2Q 2005. The increase was mainly due to the net effect of the following items:

(a) Interest expense, net of interest income and capitalised interest increased by US$7.9 million to US$39.7 million for 2Q 2006 compared with US$31.8 million for 2Q 2005 as a result of both higher average outstanding debts and interest rates. Capitalised interest decreased to US$1.7 million for 2Q 2006 from US$6.7 million for 2Q 2005 due to a lower average level of investment in ships under construction.

(b) The Group recorded a non-cash foreign currency debts translation loss of US$20.2 million for 2Q 2006 compared to a non-cash foreign currency debts translation gain of US$16.2 million in 2Q 2005.

(c) During 2Q 2006, the Group had a non-cash loss on financial instruments amounting to US$0.8 million compared to a non-cash gain on financial instruments of US$2.2 million in 2Q 2005.

(d) During 2Q 2006, the Group wrote off its non-cruise investment in Orangestar Investment Holdings Pte. Ltd. of US$10.3 million.

Profit / (Loss) before taxation

Loss before taxation for 2Q 2006 was US$33.5 million compared to a profit before taxation of US$6.7 million for 2Q 2005. Excluding the impairment losses and non-cash foreign currency debts translation losses and gains mentioned above, the loss before taxation for 2Q 2006 would be US$2.9 million compared with a loss before taxation of US$6.8 million for 2Q 2005.

Taxation

The Group incurred taxation expenses of US$0.5 million each for 2Q 2006 and 2Q 2005 respectively.

Net profit / (loss) attributable to shareholders

As a result, the Group recorded a net loss attributable to shareholders of US$33.9 million for 2Q 2006 compared with a net profit attributable to shareholders of US$6.2 million in 2Q 2005. Excluding the impairment losses and non-cash foreign currency debts translation losses and gains mentioned above, the net loss for 2Q 2006 would be US$3.4 million compared with a net loss of US$7.3 million for 2Q 2005.

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 2006, cash and cash equivalents increased to US$179.3 million from US$163.1 million as at 31 March 2006. The increase of US$16.2 million in cash and cash equivalents was mainly due to the net effect of the following items:

(a) The Group's business provided US$138.3 million of net cash from operations for 2Q 2006 compared to US$93.8 million for 2Q 2005. The increase in net cash generated from operations was primarily due to the changes of operating assets and liabilities during 2Q 2006 compared with 2Q 2005, partially offset by an increase in interest payment.

(b) The Group's capital expenditure was approximately US$190.3 million in 2Q 2006. Approximately US$169.3 million of the capital expenditure was related to capacity expansion and the remaining was vessel refurbishments and onboard assets.

(c) The Group repaid US$150.5 million of its long-term bank loans during 2Q 2006 and drewdown a total of US$167.4 million under the existing bank loans to finance its ships construction and delivery of m.v. Pride of Hawaii.

(d) Restricted cash decreased by US$53.4 million during 2Q 2006 to US$5.1 million as at 30 June 2006 mainly due to amounts released by credit card processor. In May 2006, cash collateral requirements imposed by credit card processors were lifted and these requirements can be reinstated at the credit card processors' discretion.

Six months ended 30 June 2006 ("1H 2006") compared with six months ended 30 June 2005 ("1H 2005")

Turnover

The Group's revenue for 1H 2006 was US$1,099.7 million, increased by 26.7% from US$867.8 million for 1H 2005. Net revenue increased by 20.9%. The higher net revenue was due primarily to a 20.0% capacity increase and to a lesser extent, a 0.7% increase in net revenue yield. Occupancy decreased to 101.4% in 1H 2006 from 103.8% in 1H 2005.

Star Cruises generated a 7.6% higher net revenue for 1H 2006 on a 31.7% capacity increase. Occupancy level for 1H 2006 was down to 81.6% from 96.2% in 1H 2005 and net revenue yield was lower by 16.7%. Capacity was higher in 1H 2006 mainly due to the transfer of m.v. SuperStar Libra from the NCL Group.

Net revenue for NCL Group was 24.1% higher on a 17.4% capacity increase and a 5.7% increase in net revenue yield. The increase in capacity was primarily due to the additions of m.v. Pride of America, m.v. Norwegian Jewel and m.v. Pride of Hawaii, which entered service in June 2005, August 2005 and June 2006, respectively. The increase in capacity was partially offset by the return of m.v. SuperStar Libra to Star Cruises. The increase in net revenue yield was primarily the result of a higher passenger ticket revenues and increased onboard spending. Occupancy level in 1H 2006 increased to 106.5% from 105.6% in 1H 2005.

Management's Discussion and Analysis *(Continued)*

Cost and expenses

Total costs and expenses before interest and non-operating items for 1H 2006 amounted to US$1,045.1 million compared with US$814.4 million for 1H 2005, an increase of US$230.7 million.

Operating expenses increased by US$208.2 million to US$801.6 million for 1H 2006 from US$593.4 million for 1H 2005. Ship operating expenses was 29.5% higher compared with 1H 2005. On a per capacity day basis, ship operating expenses were 7.8% higher compared with 1H 2005, of which fuel costs accounted for 5.8 percentage points of this increase. Average fuel prices in 1H 2006 increased approximately 42% from 1H 2005. Fuel costs accounted for approximately 19.4% of ship operating expenses in 1H 2006 compared with 15.1% in 1H 2005.

SG&A expenses increased by US$1.5 million to US$139.1 million for 1H 2006 from US$137.6 million for 1H 2005. SG&A expenses per capacity day decreased 15.8% compared with 1H 2005 mainly due to economies of scale achieved with the capacity increase.

Depreciation and amortisation expenses increased by US$23.7 million to US$104.3 million for 1H 2006 compared with US$80.6 million for 1H 2005 primarily due to depreciation expenses of m.v. Pride of America, m.v. Norwegian Jewel and m.v. Pride of Hawaii as well as higher drydocking expenses. On a per capacity day basis, depreciation and amortisation expenses increased 7.8% compared with 1H 2005. In 1H 2005, the Group recorded an impairment loss of US$2.7 million.

Operating profit

Operating profit for 1H 2006 was US$54.6 million compared with US$53.4 million in 1H 2005.

Non-operating income / (expenses)

Non-operating expenses increased by US$81.8 million to US$123.7 million for 1H 2006 compared with US$41.9 million for 1H 2005. The increase was mainly due to the net effect of the following items:

(a) Interest expense, net of interest income and capitalised interest increased by US$22.3 million to US$84.4 million for 1H 2006 compared with US$62.1 million for 1H 2005 as a result of higher average outstanding debts and interest rates. Capitalised interest decreased to US$4.7 million for 1H 2006 from US$12.3 million for 1H 2005 due to a lower average level of investment in ships under construction.

(b) The Group recorded a non-cash foreign currency debts translation loss of US$24.9 million for 1H 2006 compared to a non-cash foreign currency debts translation gain of US$20.9 million in 1H 2005.

(c) During 1H 2006, the Group had a non-cash loss on financial instruments amounting to US$2.3 million compared to a non-cash gain on financial instruments of US$3.6 million in 1H 2005.

(d) During 1H 2006, the Group wrote off its non-cruise investment in Orangestar Investment Holdings Pte. Ltd. of US$10.3 million.

Profit / (Loss) before taxation

Loss before taxation for 1H 2006 was US$69.1 million compared to a profit before taxation of US$11.5 million for 1H 2005. Excluding the impairment losses and non-cash foreign currency debts translation losses and gains mentioned above, the loss before taxation for 1H 2006 would be US$33.9 million compared with a loss before taxation of US$6.7 million for 1H 2005.

Taxation

The Group had a taxation benefit of US$0.1 million for 1H 2006 compared with taxation expenses of US$0.9 million for 1H 2005. For 1H 2006, NCL Group recorded a tax benefit of US$0.8 million of its U.S. federal tax for the tour operation in the U.S. which was partially offset by income tax expense in Star Cruises of US$0.7 million.

Net profit / (loss) attributable to shareholders

As a result, the Group recorded a net loss attributable to shareholders of US$69.0 million for 1H 2006 compared with a net profit attributable to shareholders of US$10.6 million in 1H 2005. Excluding the impairment losses and non-cash foreign currency debts translation losses and gains mentioned above, the net loss for 1H 2006 would be US$33.8 million compared with a net loss of US$7.6 million for 1H 2005.

Liquidity and capital resources

Sources and uses of funds

For 1H 2006, cash and cash equivalents decreased to US$179.3 million from US$187.7 million as at 31 December 2005. The decrease of US$8.4 million in cash and cash equivalents was mainly due to the net effect of the following items:

(a) The Group's business provided US$199.4 million of net cash from operations for 1H 2006 compared to US$159.9 million for 1H 2005. The increase in net cash generated from operations was primarily due to the changes of operating assets and an increase in advance ticket sales during 1H 2006 compared with 1H 2005, partially offset by an increase in interest payment.

(b) The Group's capital expenditure was approximately US$250.3 million in 1H 2006. Approximately US$210.9 million of the capital expenditure was related to capacity expansion and the remaining was vessel refurbishments and onboard assets. The Group received net proceeds of approximately US$14.1 million from the disposal of s/s Norway in 1H 2006.

(c) The Group repaid US$259.2 million of its long-term bank loans during 1H 2006 and drewdown a total of US$247.4 million under the existing bank loans to finance its ships construction and delivery of m.v. Pride of Hawaii.

(d) Restricted cash decreased by US$43.0 million during 1H 2006 to US$5.1 million as at 30 June 2006 mainly due to amounts released by credit card processor. In May 2006, cash collateral requirements imposed by credit card processors were lifted and these requirements can be reinstated at the credit card processors' discretion.

As at 30 June 2006, the Group's liquidity was US$444.3 million consisting of US$179.3 million in cash and cash equivalents and US$265.0 million available under the Group's revolving credit facility. In addition, the Group has specific funding available for the two ships under construction of approximately US$0.8 billion (based on the exchange rate for the Euro at 30 June 2006).

The debt agreements of the Group contain covenants that require the Group, among other things, to maintain a minimum level of liquidity and to limit its net debt-to-capital ratio.

The Group believes that the cash on hand, expected future operating cash inflows, additional borrowings under existing credit facilities and the Group's ability to issue debt securities, including the restructuring of existing debts, or raise additional equity will be sufficient to fund operations, debt payment requirements, capital expenditure and maintain compliance with debt covenants under the debt agreements over the next six-month period.

Prospects

The m.v. SuperStar Libra will return to India after her season in Eastern Mediterranean. With the experience of her first season in India, the Group has made certain changes to her itineraries to better cater for the market. The Group expects improved occupancies and the revenue per diems in her second season.

NCL Group continues to experience a very competitive pricing environment, especially in the Caribbean. As a result of this challenging environment, NCL Group expects its net yield for 2006 to increase approximately 3% versus its previous guidance of an increase of approximately 5%.

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 2005 and interim report for the three months ended 31 March 2006.

Interests of Directors

As at 30 June 2006, 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)					
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total	Percentage of issued ordinary shares
Tan Sri Lim Kok Thay	282,246,793	28,357,897 *(1)*	455,411,732 *(2)*	3,886,626,976 *(3 and 4)*	4,624,285,501 *(5)*	87.246
Mr. Chong Chee Tut	819,096	—	—	—	819,096	0.015
Mr. William Ng Ko Seng	412,419	—	—	—	412,419	0.008
Mr. David Colin Sinclair Veitch	335,445	—	—	—	335,445	0.006

Notes:

As at 30 June 2006:

1. Tan Sri Lim Kok Thay ("Tan Sri KT Lim") had a family interest in 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") had a corporate interest.
2. Tan Sri KT Lim was also deemed to have a corporate interest in 455,411,732 ordinary shares (comprising (i) 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 held 50% of its issued share capital and (ii) the same block of 427,053,835 ordinary shares directly held by Joondalup Limited in which Tan Sri KT Lim held 100% of its issued share capital).
3. Tan Sri KT Lim as founder and a beneficiary of two discretionary trusts, had a deemed interest in 3,886,626,976 ordinary shares.
4. Out of 3,886,626,976 ordinary shares, 392,600,000 ordinary shares were 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.

(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 2006, 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:

Name of Director	Number of underlying ordinary shares	Percentage of issued ordinary shares
Tan Sri Lim Kok Thay	10,063,346	0.190
Mr. Chong Chee Tut	1,372,271	0.026
Mr. William Ng Ko Seng	1,183,204	0.022
Mr. David Colin Sinclair Veitch	3,049,500	0.058

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.

Interests of Directors *(Continued)*

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

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 associated corporations of the Company

Name of associated corporation	Name of Director	Number of ordinary shares (Notes) Personal interests	Family interests	Corporate interests	Other interests	Total	Percentage of issued ordinary shares
WorldCard International Limited	Tan Sri Lim Kok Thay	—	—	—	1,000,000 *(1)*	1,000,000	100
Infinity@ TheBay Pte. Ltd.	Tan Sri Lim Kok Thay	—	—	—	1,000,000 *(1)*	1,000,000	100

Notes:

1. Tan Sri KT Lim as founder and a beneficiary of two discretionary trusts, had a deemed interest in these ordinary shares.
2. All the above interests represent long positions in the shares of the relevant associated corporations of the Company.

(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 2006, 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 and its subsidiaries 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 2005. 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 2006 were as follows:

(A) Pre-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2006	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 30/06/2006	Date granted	Exercise price per share	Exercisable Period
Tan Sri Lim Kok Thay	2,210,887	—	(442,178)	—	1,768,709	24/03/1999	US$0.2686	24/03/2002 – 23/03/2009
(Director)	838,612	—	(167,723)	—	670,889	24/03/1999	US$0.4206	24/03/2002 – 23/03/2009
	975,840	—	—	—	975,840	23/10/2000	US$0.2686	23/10/2003 – 22/08/2010
	2,210,887	—	(442,178)	—	1,768,709	16/11/2000	US$0.2686	24/03/2002 – 23/03/2009
	838,612	—	(167,723)	—	670,889	16/11/2000	US$0.4206	24/03/2002 – 23/03/2009
	243,960	—	—	—	243,960	16/11/2000	US$0.2686	23/10/2003 – 22/08/2010
	7,318,798	**—**	**(1,219,802)**	**—**	**6,098,996**			
Mr. Chong Chee Tut	45,742	—	(15,248)	—	30,494	25/05/1998	US$0.4206	23/06/2000 – 22/06/2007
(Director)	259,207	—	(51,842)	—	207,365	24/03/1999	US$0.2686	24/03/2002 – 23/03/2009
	45,742	—	(9,149)	—	36,593	24/03/1999	US$0.4206	24/03/2002 – 23/03/2009
	468,403	—	—	—	468,403	23/10/2000	US$0.2686	23/10/2003 – 22/08/2010
	19,516	—	—	—	19,516	23/10/2000	US$0.4206	23/10/2003 – 22/08/2010
	838,610	**—**	**(76,239)**	**—**	**762,371**			
Mr. William Ng Ko Seng	15,247	—	(3,050)	—	12,197	24/03/1999	US$0.2686	24/03/2002 – 23/03/2009
(Director)	60,990	—	(12,198)	—	48,792	24/03/1999	US$0.4206	24/03/2002 – 23/03/2009
	370,819	—	—	—	370,819	23/10/2000	US$0.2686	23/10/2003 – 22/08/2010
	19,516	—	—	—	19,516	23/10/2000	US$0.4206	23/10/2003 – 22/08/2010
	466,572	**—**	**(15,248)**	**—**	**451,324**			
Mr. David Colin Sinclair Veitch (Director)	**975,840**	**—**	**(365,940)**	**—**	**609,900**	07/01/2000	US$0.4206	07/01/2003 – 06/01/2010
All other employees	91,485	—	(30,495)	—	60,990	25/05/1998	US$0.2686	11/03/2000 – 10/03/2007
	384,237	—	(128,079)	—	256,158	25/05/1998	US$0.4206	23/06/2000 – 22/06/2007
	1,756,491	—	(585,525)	(18,296)	1,152,670	25/05/1998	US$0.4206	06/01/2000 – 05/01/2007
	7,529,799	(97,584)[1]	(1,469,828)	(265,544)	5,696,843	24/03/1999	US$0.2686	24/03/2002 – 23/03/2009
	4,139,619	—	(878,421)	(158,016)	3,103,182	24/03/1999	US$0.4206	24/03/2002 – 23/03/2009
	456,106	—	(74,706)	(54,400)	327,000	30/06/1999	US$0.2686	30/06/2002 – 29/06/2009
	966,734	—	(174,449)	(121,552)	670,733	30/06/1999	US$0.4206	30/06/2002 – 29/06/2009
	1,680,141	(21,957)[1]	—	—	1,658,184	23/10/2000	US$0.2686	23/10/2003 – 22/08/2010
	2,401,851	—	—	(72,211)	2,329,640	23/10/2000	US$0.4206	23/10/2003 – 22/08/2010
	19,406,463	**(119,541)**	**(3,341,503)**	**(690,019)**	**15,255,400**			
Grand Total	**29,006,283**	**(119,541)**	**(5,018,732)**	**(690,019)**	**23,177,991**			

Note:

1. Exercise date was 15 February 2006. At the date before the options were exercised, the market closing value per share quoted on The Stock Exchange of Hong Kong Limited was HK$2.175.

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

Share Options *(Continued)*

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

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.

(B) Post-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2006	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 30/06/2006	Date granted	Exercise price per share	Exercisable Period
Tan Sri Lim Kok Thay	3,369,697	—	—	—	3,369,697	19/08/2002	HK$2.9944	20/08/2004 – 19/08/2012
(Director)	594,653	—	—	—	594,653	23/08/2004	HK$1.7240	24/08/2006 – 23/08/2014
	3,964,350	**—**	**—**	**—**	**3,964,350**			
Mr. Chong Chee Tut	518,415	—	—	—	518,415	19/08/2002	HK$2.9944	20/08/2004 – 19/08/2012
(Director)	91,485	—	—	—	91,485	23/08/2004	HK$1.7240	24/08/2006 – 23/08/2014
	609,900	**—**	**—**	**—**	**609,900**			
Mr. William Ng Ko Seng	622,098	—	—	—	622,098	19/08/2002	HK$2.9944	20/08/2004 – 19/08/2012
(Director)	109,782	—	—	—	109,782	23/08/2004	HK$1.7240	24/08/2006 – 23/08/2014
	731,880	**—**	**—**	**—**	**731,880**			
Mr. David Colin Sinclair	2,073,660	—	—	—	2,073,660	19/08/2002	HK$2.9944	20/08/2004 – 19/08/2012
Veitch (Director)	365,940	—	—	—	365,940	23/08/2004	HK$1.7240	24/08/2006 – 23/08/2014
	2,439,600	**—**	**—**	**—**	**2,439,600**			
All other employees	65,611,369	—	(1,524,178)	(176,260)	63,910,931	19/08/2002	HK$2.9944	20/08/2004 – 19/08/2012
	792,870	—	—	—	792,870	08/09/2003	HK$2.9944	09/09/2005 – 08/09/2013
	9,589,011	—	(112,611)	(31,106)	9,445,294	23/08/2004	HK$1.7240	24/08/2006 – 23/08/2014
	75,993,250	**—**	**(1,636,789)**	**(207,366)**	**74,149,095**			
Grand Total	**83,738,980**	**—**	**(1,636,789)**	**(207,366)**	**81,894,825**			

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 2006, 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)					
Name of shareholder (Notes)	**Direct/ Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**	**Percentage 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 *(20)*	36.30
Kien Huat Realty Sdn Bhd *(2)*	—	—	1,924,261,862 *(10)*	—	1,924,261,862	36.30
Genting Berhad *(3)*	—	—	1,924,261,862 *(10)*	—	1,924,261,862	36.30
Resorts World Bhd *(4)*	—	—	1,908,561,862 *(11)*	—	1,908,561,862	36.01
Sierra Springs Sdn Bhd *(5)*	—	—	1,908,561,862 *(11)*	—	1,908,561,862	36.01
Resorts World Limited *(5)*	1,908,561,862	—	—	—	1,908,561,862	36.01
GZ Trust Corporation (as trustee of a discretionary trust) *(6)*	—	—	1,962,365,114 *(13)*	1,962,365,114 *(14,16 and 19)*	1,962,365,114 *(20)*	37.02
Cove Investments Limited *(7)*	—	—	—	1,962,365,114 *(17 and 19)*	1,962,365,114	37.02
Golden Hope Limited (as trustee of Golden Hope Unit Trust) *(8)*	—	—	—	1,962,365,114 *(15 and 19)*	1,962,365,114	37.02
Joondalup Limited *(9)*	427,053,835	—	—	—	427,053,835	8.06
Puan Sri Wong Hon Yee	—	4,624,285,501 *(18(a))*	28,357,897 *(18(b))*	392,600,000 *(19)*	4,624,285,501 *(20)*	87.25

Notes:

As at 30 June 2006:

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").
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.
3. Genting Berhad ("GB"), a company listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia") of which KHR controlled 41.51% of its equity interest.
4. Resorts World Bhd ("RWB"), a company listed on Bursa Malaysia of which GB controlled 57.66% of its equity interest.
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 held 99.99% of the units in Golden Hope Unit Trust ("GHUT"), a private unit trust directly and 0.01% of the units in GHUT indirectly through Cove (as defined below).
7. Cove Investments Limited ("Cove") is wholly-owned by GZ as trustee of the Discretionary Trust 2.

Interests of Substantial Shareholders *(Continued)*

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

8. Golden Hope Limited ("Golden Hope") is the trustee of GHUT.
9. Joondalup Limited is wholly-owned by Tan Sri Lim Kok Thay ("Tan Sri KT Lim").
10. Each of Parkview as trustee of the Discretionary Trust 1, KHR and GB had 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 had 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 was held by Parkview in its capacity as trustee of the Discretionary Trust 1 and it comprised 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 had a corporate interest in the same block of 1,962,365,114 ordinary shares held directly by Golden Hope as trustee of GHUT.
14. GZ in its capacity as trustee of the Discretionary Trust 2 had a deemed interest in the same block of 1,962,365,114 ordinary shares held directly by Golden Hope as trustee of GHUT.
15. The interest in 1,962,365,114 ordinary shares was held directly by Golden Hope in its capacity as trustee of GHUT.
16. GZ as trustee of the Discretionary Trust 2 was deemed to have interest in the same block of 1,962,365,114 ordinary shares held directly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
17. Cove which held 0.01% of the units in GHUT was deemed to have interest in the same block of 1,962,365,114 ordinary shares held directly by Golden Hope as trustee of GHUT in its capacity as beneficiary of GHUT.
18. (a) Puan Sri Wong Hon Yee ("Puan Sri Wong") as the spouse of Tan Sri KT Lim, had a family interest in the same block of 4,624,285,501 ordinary shares in which Tan Sri KT Lim had 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 had a corporate interest in 28,357,897 ordinary shares held directly by Goldsfine by holding 50% of its equity interest.
19. Out of the same block of 1,962,365,114 ordinary shares held directly by Golden Hope as trustee of GHUT, 392,600,000 ordinary shares were pledged shares.
20. There is no duplication in arriving at the total interest.
21. 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.

(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	10,063,346 (Note)	0.190

Note:

Puan Sri Wong Hon Yee as the spouse of Tan Sri KT Lim, was deemed to have a family interest in 10,063,346 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 2006, 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$4.98 billion, of which US$3.82 billion had been drawndown, with terms ranging from six to sixteen years from the dates of these agreements. As at 30 June 2006, the outstanding loan balances was approximately US$2.49 billion. The Euro denominated amounts had been translated into US dollars based on the exchange rate of US$1.279 to €1 as at 30 June 2006.

Three 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 nine 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, the US$100 million letters of credit facility and the €624 million revolving loan facility, in the event that the shares of NCLC are listed on an approved stock exchange, if: (i) any individual or any third party (being any person or group of persons acting in concert who is not a member of the Lim Family) (a) owns legally and/or beneficially and either directly or indirectly at least 33% of the ordinary share capital of NCLC or (b) has the right or the ability to control, either directly or indirectly, the affairs or the composition of the majority of the board of directors (or equivalent) of NCLC; and the Lim Family together or individually, directly or indirectly, ceases to beneficially own at least 51% of the issued share capital of, and equity interest in, NCLC; or (ii) NCLC ceases to be listed on an approved stock exchange without the prior written consent of the lenders), 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 2006, save for the issue of 124,421 new ordinary shares of US$0.10 each at an aggregate price of US$33,419 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 2006 to 30 June 2006 (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 2006, save for the deviations from certain code provisions listed below:

(1) Code Provision A.2.1: the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual;

(2) Code Provision A.4.1: Non-executive Directors should be appointed for a specific term, subject to re-election; and

(3) Code Provision A.4.2: all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Considered reasons for the deviation from Code Provision A.2.1 were set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2005 issued in February 2006. With respect to Code Provisions A.4.1 and A.4.2, appropriate measures had been taken by the Company during the first half year of 2006 to ensure proper compliance. Details of the measures taken were given in the interim report of the Company for the three months ended 31 March 2006 issued in May 2006.

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, 15 August 2006