



**STAR CRUISES LIMITED**

(Continued into Bermuda with limited liability – Registration No. 29337)  
(Stock Code: 678)

## **INTERIM REPORT TO SHAREHOLDERS** for the three months ended 31 March 2007





# STAR CRUISES LIMITED

*(Continued into Bermuda with limited liability)*

## Interim Report for the three months ended 31 March 2007

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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 Company about the industry and markets in which the Company and its subsidiaries (the "Group") will operate in the future. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Group, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include general economic, political and business conditions, changes in cruise industry competition, weather, force majeure events and/or other factors. Reliance should not be placed on these forward-looking statements, which merely reflect the view of the Company as of the date of this report only. The Company is under no obligation to revise or update publicly these forward-looking statements or any part thereof to reflect events or circumstances resulting from any new information, future events or otherwise on which any such statement was based.

## Corporate Information

### Board of Directors

Tan Sri Lim Kok Thay  
*Chairman and Chief Executive Officer*

Mr. Alan Howard Smith  
*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*

### President

Mr. David Chua Ming Huat

### Secretary

Ms. Louisa Tam Suet Lin

### Assistant Secretary

Appleby Corporate Services (Bermuda) Ltd.

### Registered Office

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Hamilton HM 12, Bermuda

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### Bermuda Principal Registrar

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre, 11 Bermudiana Road,  
Pembroke, Bermuda  
Tel: (441) 2951111  
Fax: (441) 2956759

### Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited  
46th Floor, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong SAR  
Tel: (852) 28628628  
Fax: (852) 28650990/25296087

### Transfer Agent

M & C Services Private Limited  
138 Robinson Road #17-00,  
The Corporate Office, Singapore 068906  
Tel: (65) 62280507  
Fax: (65) 62251452

### Auditors

PricewaterhouseCoopers,  
*Certified Public Accountants*  
22nd Floor, Prince's Building,  
Central, Hong Kong SAR

### Internet Homepage

[www.starcruiises.com](http://www.starcruiises.com)

### Investor Relations

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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 ended 31 March 2007, as follows:

### Consolidated Income Statement

		Three months ended 31 March	
		2007	2006
		US\$'000	US\$'000
	Note	unaudited	unaudited
Turnover	2	564,881	513,640
Operating expenses (excluding depreciation and amortisation)		(436,031)	(376,785)
Selling, general and administrative expenses (excluding depreciation)		(80,459)	(70,486)
Depreciation and amortisation	3	(58,504)	(51,254)
		<u>(574,994)</u>	<u>(498,525)</u>
Operating profit / (loss)	2, 3	(10,113)	15,115
Interest income		1,433	1,755
Financial costs	4	(55,876)	(46,363)
Share of loss of an associate	5	(229)	(654)
Other non-operating expenses, net	6	(12,740)	(5,448)
		<u>(67,412)</u>	<u>(50,710)</u>
Loss before taxation		(77,525)	(35,595)
Taxation	7	(1,866)	542
Loss for the period and attributable to equity holders of the Company		<u>(79,391)</u>	<u>(35,053)</u>
Basic loss per share (US cents)	8	(1.13)	(0.62) (note 2)
Diluted earnings per share (US cents)	8	N/A (note 1)	N/A (note 1)
<u>Operating data</u>			
Passenger Cruise Days		2,794,561	2,381,418
Capacity Days		2,819,372	2,399,781
Occupancy as a percentage of total capacity days		99%	99%

*Notes:*

1. Diluted loss per share for the three months ended 31 March 2007 and 2006 are not shown as the diluted loss per share is less than the basic loss per share.
2. The basic loss per share for the three months ended 31 March 2006 has been adjusted to reflect the effects of rights issue in December 2006.

## Consolidated Balance Sheet

		As at	
		31 March 2007	31 December 2006
		<i>US\$'000</i>	<i>US\$'000</i>
	<i>Note</i>	<i>unaudited</i>	<i>audited</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets		598,994	598,994
Deferred tax assets		543	573
Property, plant and equipment		4,837,522	4,863,047
Lease prepayments	9	289,543	2,259
Investments in associates	10	113,623	5,860
Restricted cash		1,650	1,650
Other assets	11	66,726	68,284
		5,908,601	5,540,667
<b>CURRENT ASSETS</b>			
Consumable inventories		36,439	38,451
Trade receivables	12	13,185	21,408
Prepaid expenses and others		58,585	68,997
Derivative financial instruments	16	2,182	—
Amounts due from related companies	18	—	99
Restricted cash		1,695	1,226
Cash and cash equivalents		139,826	468,827
		251,912	599,008
<b>TOTAL ASSETS</b>		<b>6,160,513</b>	<b>6,139,675</b>

## Consolidated Balance Sheet (Continued)

		As at	
		31 March 2007	31 December 2006
		<i>US\$'000</i>	<i>US\$'000</i>
	<i>Note</i>	<i>unaudited</i>	<i>audited</i>
<b>EQUITY</b>			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	720,475	678,439
Reserves:			
Share premium		1,429,828	1,324,829
Additional paid-in capital		94,513	94,513
Convertible bonds - equity component	15	10,128	14,400
Foreign currency translation adjustments		(22,502)	(22,522)
Unamortised share option expense		(689)	(818)
Cash flow hedge reserve		589	(1,598)
Accumulated losses		(223,335)	(143,944)
		<u>2,009,007</u>	<u>1,943,299</u>
Minority interest		66,860	—
		<u>2,075,867</u>	<u>1,943,299</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	14	3,154,194	3,184,399
Derivative financial instruments	16	1,963	1,729
Other long-term liabilities		2,989	1,744
Deferred tax liabilities		541	295
		<u>3,159,687</u>	<u>3,188,167</u>
<b>CURRENT LIABILITIES</b>			
Trade creditors	17	88,872	139,274
Current income tax liabilities		963	1,069
Provisions, accruals and other liabilities		243,817	324,135
Current portion of long-term borrowings	14	217,805	218,804
Derivative financial instruments	16	1,516	2,985
Amounts due to related companies	18	79	—
Advance ticket sales		371,907	321,942
		<u>924,959</u>	<u>1,008,209</u>
<b>TOTAL LIABILITIES</b>		<u>4,084,646</u>	<u>4,196,376</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>6,160,513</u>	<u>6,139,675</u>
<b>NET CURRENT LIABILITIES</b>		<u>673,047</u>	<u>409,201</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,235,554</u>	<u>5,131,466</u>

## Consolidated Cash Flow Statement

		Three months ended 31 March	
		2007	2006
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>unaudited</i>	<i>unaudited</i>
	<i>Note</i>		
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations		60,202	109,538
Interest paid		(47,400)	(48,104)
Interest received		1,473	1,408
Income tax paid		(1,711)	(1,703)
		<hr/>	<hr/>
Net cash inflow from operating activities		12,564	61,139
		<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>			
Acquisition of a subsidiary, net of cash acquired	(a)	(206,619)	—
Purchase of property, plant and equipment		(33,194)	(59,964)
Proceeds from sale of property, plant and equipment		—	14,050
Proceeds from disposal of a subsidiary		14,686	—
Acquisition of additional equity investment in an associate, Resorts World at Sentosa Pte. Ltd.		(107,992)	—
Proceeds from an equity investment and a loan from a minority shareholder of a subsidiary		7,523	—
Acquisition of additional shares in a subsidiary, including repayment of loan to a minority shareholder		(7,523)	—
Others		—	(154)
		<hr/>	<hr/>
Net cash outflow from investing activities		(333,119)	(46,068)
		<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings		1,860,000	644,005
Repayments of long-term borrowings		(1,843,045)	(672,716)
Proceeds from issuance of ordinary shares and option shares, net of issuance costs		83,629	—
Proceeds from issuance of ordinary shares pursuant to the Pre-listing and Post-listing Employee Share Option Schemes		477	—
Refund of excess rights issue application		(98,843)	—
Restricted cash, net		(469)	(10,452)
Payment of loan arrangement fees		(7,812)	(1,876)
		<hr/>	<hr/>
Net cash outflow from financing activities		(6,063)	(41,039)
		<hr/>	<hr/>
Effect of exchange rate changes on cash and cash equivalents		(717)	1,390
		<hr/>	<hr/>
Net decrease in cash and cash equivalents and bank overdraft		(327,335)	(24,578)
Cash and cash equivalents and bank overdraft at 1 January		467,161	187,698
		<hr/>	<hr/>
Cash and cash equivalents at 31 March		139,826	163,120
		<hr/> <hr/>	<hr/> <hr/>
<b>NON-CASH INVESTING ACTIVITY</b>			
Acquisition of motor vehicles by means of finance lease		—	4,513
		<hr/> <hr/>	<hr/> <hr/>
<b>NON-CASH FINANCING ACTIVITY</b>			
Conversion of convertible bonds		62,929	—
		<hr/> <hr/>	<hr/> <hr/>

Note to Consolidated Cash Flow Statement

(a) Acquisition of a subsidiary, net of cash acquired

On 19 March 2007, the Company through an indirect wholly-owned subsidiary, New Orisol Investments Limited (“New Orisol”), acquired 75% of the share capital of Macau Land Investment Corporation (“MLIC”). An indirect subsidiary of MLIC has been granted by the Government of Macau with a lease over a piece of land in Macau (subject to such grant of lease being published in the Gazette of Macau). The purchase price was approximately US\$200.6 million. The acquisition of MLIC Group did not have a material impact on the Group’s income statement for the three months ended 31 March 2007.

The net assets acquired and cash flow arising from the acquisition of MLIC Group are as follows:

	Fair value of net assets acquired <i>US\$'000</i>
Cash and bank balances	357
Prepaid expenses and others	3
Lease prepayments	287,270
Property, plant and equipment	1,360
Accruals and other liabilities	<u>(21,550)</u>
Net assets	267,440
Minority interest (25%)	<u>(66,860)</u>
Net assets acquired	<u>200,580</u>
Purchase consideration settled in cash	200,580
Assignment of loans from minority shareholders	6,396
Cash and bank balances in subsidiary acquired	<u>(357)</u>
Cash outflow on acquisition	<u><u>206,619</u></u>



## Consolidated Statement of Changes in Equity

Attributable to equity holders of the Company

	Share Capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Additional paid-in capital <i>US\$'000</i>	Convertible bonds - equity component <i>US\$'000</i>	Foreign currency translation adjustments <i>US\$'000</i>	Unamortised share option expense <i>US\$'000</i>	Cash flow hedge reserve <i>US\$'000</i>	Accumulated losses <i>US\$'000</i>	Total <i>US\$'000</i>	Minority interest <i>US\$'000</i>	Total equity <i>US\$'000</i>
<b>Three months ended 31 March 2007</b>											
<u>unaudited</u>											
At 1 January 2007	678,439	1,324,829	94,513	14,400	(22,522)	(818)	(1,598)	(143,944)	1,943,299	—	1,943,299
Exchange translation differences	—	—	—	—	20	—	—	—	20	—	20
Cash flow hedge:											
- Gain on financial instruments	—	—	—	—	—	—	1,112	—	1,112	—	1,112
- Transferred to consolidated income statement	—	—	—	—	—	—	1,075	—	1,075	—	1,075
Net amounts not recognised in the consolidated income statement	—	—	—	—	20	—	2,187	—	2,207	—	2,207
Loss for the period	—	—	—	—	—	—	—	(79,391)	(79,391)	—	(79,391)
Total recognised income / (expense) for the period	—	—	—	—	20	—	2,187	(79,391)	(77,184)	—	(77,184)
Issue of ordinary shares pursuant to the Pre-listing and Post-listing Employee Share Option Schemes	195	282	—	—	—	—	—	—	477	—	477
Issue of ordinary shares to the independent third parties, net of issuance costs	25,500	49,086	—	—	—	—	—	—	74,586	—	74,586
Issue of option shares to the independent third parties, net of issuance costs	—	9,043	—	—	—	—	—	—	9,043	—	9,043
Issue of ordinary shares upon conversion of convertible bonds	16,341	46,588	—	(4,272)	—	—	—	—	58,657	—	58,657
Minority interest arising from acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	66,860	66,860
Amortisation of share option expense	—	—	—	—	—	129	—	—	129	—	129
At 31 March 2007	<u>720,475</u>	<u>1,429,828</u>	<u>94,513</u>	<u>10,128</u>	<u>(22,502)</u>	<u>(689)</u>	<u>589</u>	<u>(223,335)</u>	<u>2,009,007</u>	<u>66,860</u>	<u>2,075,867</u>

## Consolidated Statement of Changes in Equity (Continued)

	Attributable to equity holders of the Company								
	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Additional paid-in capital <i>US\$'000</i>	Convertible bonds - equity component <i>US\$'000</i>	Foreign currency translation adjustments <i>US\$'000</i>	Unamortised share option expense <i>US\$'000</i>	Cash flow hedge reserve <i>US\$'000</i>	Retained earnings/ (Accumulated losses) <i>US\$'000</i>	Total <i>US\$'000</i>
<b>Three months ended</b>									
<b>31 March 2006</b>									
<i>unaudited</i>									
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	—	—	—	—	1,536	—	—	—	1,536
Cash flow hedge:									
- Gain on financial instruments	—	—	—	—	—	—	2,605	—	2,605
- Transferred to consolidated income statement	—	—	—	—	—	—	2,171	—	2,171
Net amounts not recognised in the consolidated income statement	—	—	—	—	1,536	—	4,776	—	6,312
Loss for the period	—	—	—	—	—	—	—	(35,053)	(35,053)
Total recognised income / (expense) for the period	—	—	—	—	1,536	—	4,776	(35,053)	(28,741)
Amortisation of share option expense	—	—	—	—	—	213	—	—	213
At 31 March 2006	<u>530,018</u>	<u>1,269,089</u>	<u>93,893</u>	<u>14,400</u>	<u>(22,516)</u>	<u>(874)</u>	<u>10,144</u>	<u>(22,801)</u>	<u>1,871,353</u>

## Notes to the Consolidated Financial Statements

### 1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PRESENTATION

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

The preparation of the unaudited consolidated financial statements in conformity with Hong Kong Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The unaudited consolidated financial statements are prepared under the historical cost convention, as modified by the revaluations of 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 2006.

The accounting policies and methods of computation used in the preparation of these unaudited financial statements are consistent with those used in the annual report for the year ended 31 December 2006.

On 1 January 2007, the Group revised the estimated useful life of the jetties from 90 and 99 years to 50 years to more realistically reflect its remaining estimated useful life. The change in the useful life of the jetties did not have any material effect on the results and financial position of the Group for the three months ended 31 March 2007.

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

### 2. TURNOVER AND OPERATING PROFIT / (LOSS)

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\$374.2 million and US\$332.5 million for the three months ended 31 March 2007 and 2006, respectively. The remaining portion relates to revenues from onboard and other related services.

The Group’s turnover and operating profit / (loss) in its principal markets of North America and Asia Pacific are analysed as follows:

	TURNOVER		OPERATING PROFIT / (LOSS)	
	Three months ended 31 March		Three months ended 31 March	
	2007	2006	2007	2006
	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
Asia Pacific	81,984	94,747	(1,815)	12,897
North America <sup>1</sup>	443,857	376,685	(7,785)	1,851
Europe and others	39,040	42,208	(513)	367
	<u>564,881</u>	<u>513,640</u>	<u>(10,113)</u>	<u>15,115</u>

*Note:*

- Substantially, all the turnover and operating profit / (loss) arises in the United States of America.

## Notes to the Consolidated Financial Statements (Continued)

### 3. OPERATING PROFIT / (LOSS)

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

	Three months ended 31 March	
	2007	2006
	US\$'000	US\$'000
	unaudited	unaudited
Total depreciation and amortisation analysed into:	58,504	51,254
- relating to operating function	55,275	48,289
- relating to selling, general and administrative function	3,229	2,965
Fuel costs	52,071	46,568
Advertising expenses	22,800	17,118

### 4. FINANCIAL COSTS

	Three months ended 31 March	
	2007	2006
	US\$'000	US\$'000
	unaudited	unaudited
Amortisation of:		
- bank loans arrangement fees	4,526	3,624
- issuance costs of convertible bonds and US\$250 million unsecured Senior Notes	407	437
Interest on:		
- bank loans	42,353	35,289
- convertible bonds and US\$250 million unsecured Senior Notes	9,466	10,015
Loans arrangement fees written off	422	—
Total borrowing costs incurred	57,174	49,365
Less: interest capitalised in property, plant and equipment	(1,298)	(3,002)
Total financial costs	55,876	46,363

### 5. SHARE OF LOSS OF AN ASSOCIATE

During the three months ended 31 March 2007, the Group accounted for its 25% interest in Resorts World at Sentosa Pte. Ltd. ("RWS") using the equity method and recorded its share of loss from RWS amounted to approximately US\$229,000.

### 6. OTHER NON-OPERATING EXPENSES, NET

	Three months ended 31 March	
	2007	2006
	US\$'000	US\$'000
	unaudited	unaudited
Gain / (Loss) on derivative instruments	453	(1,534)
Gain / (Loss) on foreign exchange	(391)	909
Loss on translation of debts	(9,265)	(4,664)
Other non-operating expenses, net	(3,537)	(159)
	(12,740)	(5,448)

## Notes to the Consolidated Financial Statements (Continued)

### 7. TAXATION

	Three months ended 31 March	
	2007 US\$'000 unaudited	2006 US\$'000 unaudited
Overseas taxation		
- Current taxation	(786)	(348)
- Deferred taxation	14	900
	<u>(772)</u>	<u>552</u>
Under provision in respect of prior years		
- Current taxation	(823)	(10)
- Deferred taxation	(271)	—
	<u>(1,866)</u>	<u>542</u>

The Company, which is domiciled in Bermuda, and the majority of its subsidiaries, are not subject to income tax as their income is mainly derived in international waters or outside taxing jurisdictions. However, the Group has incurred a tax charge, as illustrated in the table above, based on the income which is subject to local tax in certain of the jurisdictions where it operates. The appropriate local tax rate has been applied, in such circumstances, to determine the applicable tax charge.

### 8. LOSS PER SHARE

Loss per share has been calculated as follows:

	Three months ended 31 March	
	2007 US\$'000 unaudited	2006 US\$'000 unaudited
<u>BASIC</u>		
Loss for the period	<u>(79,391)</u>	<u>(35,053)</u>
Weighted average outstanding ordinary shares, in thousands	<u>7,041,224</u>	<u>5,646,500</u>
Basic loss per share in US cents	<u>(1.13)</u>	<u>(0.62)</u> (note 2)
<u>DILUTED</u>		
Loss for the period	<u>(79,391)</u>	<u>(35,053)</u>
Weighted average outstanding ordinary shares, in thousands	7,041,224	5,646,500
Effect of dilutive ordinary shares, in thousands	<u>7,439</u>	<u>1,862</u>
Weighted average outstanding ordinary shares after assuming dilution, in thousands	<u>7,048,663</u>	<u>5,648,362</u>
Diluted earnings per share in US cents	<u>N/A</u> (note 1)	<u>N/A</u> (note 1)

*Notes:*

- Diluted loss per share for the three months ended 31 March 2007 and 2006 are not shown as the diluted loss per share is less than the basic loss per share.
- The basic loss per share for the three months ended 31 March 2006 has been adjusted to reflect the effects of rights issue in December 2006.

## Notes to the Consolidated Financial Statements (Continued)

### 9. LEASE PREPAYMENTS

	As at	
	31 March 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
Carrying amount at the beginning of period / year	2,259	1,739
Addition during the period / year	—	1,190
Acquisition of a subsidiary (see note below)	287,270	—
Disposal of a subsidiary	—	(780)
Amortisation of prepaid operating lease for the period / year	(8)	(59)
Translation differences	22	169
	<u>289,543</u>	<u>2,259</u>

Note:

The leasehold land is situated outside Hong Kong with lease terms of 25 years commencing on the date of gazette of the land by the Government of Macau, and renewable for further terms thereafter.

### 10. INVESTMENTS IN ASSOCIATES

The movements of the investments in associates are as follows:

	As at	
	31 March 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
At beginning of period / year	5,860	—
Additional investments during the period / year	107,992	5,857
Share of profit / (loss) of associates	(229)	3
	<u>113,623</u>	<u>5,860</u>

### 11. OTHER ASSETS

	As at	
	31 March 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
Loan arrangement fees	47,607	48,239
Convertible bonds and senior notes issuance costs	6,964	7,555
Others	12,155	12,490
	<u>66,726</u>	<u>68,284</u>

### 12. TRADE RECEIVABLES

	As at	
	31 March 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
Trade receivables	16,714	24,571
Less: Provisions	(3,529)	(3,163)
	<u>13,185</u>	<u>21,408</u>

## Notes to the Consolidated Financial Statements (Continued)

### 12. TRADE RECEIVABLES (Continued)

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

	As at	
	31 March 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
Current to 30 days	8,518	16,124
31 days to 60 days	3,001	1,961
61 days to 120 days	931	2,459
121 days to 180 days	2,262	1,759
181 days to 360 days	1,862	2,125
Over 360 days	140	143
	<u>16,714</u>	<u>24,571</u>

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

### 13. SHARE CAPITAL

	Issued and fully paid ordinary shares of US\$0.10 each	
	No. of shares	US\$'000
<u>unaudited</u>		
At 1 January 2007	6,784,386,135	678,439
Issuance of shares pursuant to the Pre-listing and Post-listing Employee Share Option Schemes	1,953,026	195
Issuance of ordinary shares to the independent third parties, net of issuance costs (note (i))	255,000,000	25,500
Issuance of ordinary shares upon conversion of convertible bonds	<u>163,414,009</u>	<u>16,341</u>
At 31 March 2007	<u>7,204,753,170</u>	<u>720,475</u>
<u>audited</u>		
At 1 January 2006	5,300,177,247	530,018
Issuance of shares pursuant to the Pre-listing Employee Share Option Scheme	124,421	12
Issuance of 7 ordinary shares for every 25 existing ordinary shares pursuant to a rights issue, net of issuance costs of approximately US\$2.0 million (note (ii))	<u>1,484,084,467</u>	<u>148,409</u>
At 31 December 2006	<u>6,784,386,135</u>	<u>678,439</u>

#### Notes:

- (i) In February 2007, the Company issued 255 million new ordinary shares of US\$0.10 each at the subscription price of HK\$2.29 (US\$0.29) per share, with an aggregate proceed, net of issuance costs, of approximately US\$74.6 million, to the independent third parties. The net proceeds from the issuance of 255 million ordinary shares have been used for part funding of the acquisition of interest in MLIC Group.

As at 31 March 2007, there were no unapplied proceeds from these issuance of shares.

- (ii) As at 31 March 2007, the Group has applied approximately US\$93.1 million of the net proceeds from the rights issue for funding the construction of vessels (all of which were incurred in 2006). As at 31 March 2007, the balance of unapplied proceeds of approximately US\$111.0 million was placed with banks.

## Notes to the Consolidated Financial Statements (Continued)

### 14. LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

	As at	
	31 March 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
<u>SECURED:</u>		
US\$750 million secured term loan and revolving credit facility	668,750	645,000
€298 million secured Pride of America loans	307,365	307,365
US\$334.1 million secured Norwegian Jewel loan	283,728	297,239
€308.1 million secured Pride of Hawaii loan	382,650	378,209
US\$800 million secured loan facility	417,500	510,000
€624 million secured Norwegian Pearl / Gem facility	415,576	410,753
US\$610 million revolving credit facility	490,000	390,000
<u>UNSECURED:</u>		
US\$250 million unsecured Senior Notes	250,000	250,000
Convertible bonds (see note 15)	140,785	196,542
Bank overdraft	—	1,666
Others	15,645	16,429
Total liabilities	3,371,999	3,403,203
Less: Current portion	(217,805)	(218,804)
Long-term portion	<u>3,154,194</u>	<u>3,184,399</u>

All the outstanding balances of the long-term borrowings are denominated in U.S. dollars except for the outstanding balance of €286.5 million, US\$382.7 million equivalent (2006: €286.5 million, US\$378.2 million equivalent) of the €308.1 million secured Pride of Hawaii loan and the outstanding balance of €311.2 million, US\$415.6 million equivalent (2006: €311.2 million, US\$410.8 million equivalent) of the €624 million secured Norwegian Pearl / Gem facility 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 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 equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain as a separate line item within equity until the conversion option is exercised (in which case the balance stated in equity component will be transferred to share premium).



## Notes to the Consolidated Financial Statements (Continued)

### 15. CONVERTIBLE BONDS (Continued)

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

	As at	
	31 March 2007 US\$'000 unaudited	31 December 2006 US\$'000 audited
Face value of the Bonds issued on 20 October 2003	180,000	180,000
Equity component	(10,128)	(14,400)
Equity component transferred to share premium	(4,272)	—
Liability component on initial recognition	165,600	165,600
Interest accrued as at 1 January	30,942	20,721
Interest expense for the period / year	2,900	13,821
Interest paid during the period / year	—	(3,600)
Conversion of the Bonds to ordinary shares	(58,657)	—
Liability component	<u>140,785</u>	<u>196,542</u>

The fair value of the liability component of the Bonds at 31 March 2007 amounted to US\$141.9 million. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 6.8%. The interest expense on the Bonds is calculated using the effective interest method by applying an effective interest rate of 7.4% to the liability component.

During the three months ended 31 March 2007, approximately US\$53.4 million of the US\$180 million Bonds have been converted into ordinary shares of the Company. None of the Bonds were redeemed or purchased by the Company.

### 16. FINANCIAL INSTRUMENTS

- (i) The Group has several interest rate swaps with an aggregate notional amount of US\$430.4 million (as at 31 March 2007, the outstanding notional amount was approximately US\$247.1 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 31 March 2007, the estimated fair market value of the interest rate swaps was approximately US\$2.2 million, which was unfavourable to the Group. This 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 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 (as at 31 March 2007, the outstanding notional amount was approximately US\$53.0 million) to limit its exposure to fluctuations in interest rate movements if the interest 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 31 March 2007, the estimated fair market value of these interest rate swaps was approximately US\$0.2 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 (as at 31 March 2007, the outstanding notional amount was approximately US\$36.7 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 31 March 2007, the estimated fair market value of these forward contracts was approximately US\$1.5 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 income statement. This amount has been recorded within the current portion of the derivative financial instruments in the consolidated balance sheet.

## Notes to the Consolidated Financial Statements (Continued)

### 16. FINANCIAL INSTRUMENTS (Continued)

- (iv) During the three months ended 31 March 2007, the Group entered into forward contracts to buy Euro against US dollars and the notional amount was approximately US\$47.4 million, maturing through the second quarter of 2007. As at 31 March 2007, the estimated fair market value of these forward contracts was approximately US\$0.6 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.
- (v) The Group entered into fuel swap agreements to mitigate the impact of fluctuations in fuel prices. During the three months ended 31 March 2007, the Group entered into additional fuel swap agreements with an aggregate notional amount of US\$9.0 million, to pay fixed price for fuel. As at 31 March 2007, the outstanding notional amount (including the fuel swap agreements entered in 2006) was approximately US\$12.3 million, maturing through the third quarter of 2007. As at 31 March 2007, the estimated fair market value of the fuel swap was approximately US\$1.6 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 31 March 2007.

### 17. TRADE CREDITORS

The ageing of trade creditors as at 31 March 2007 and 31 December 2006 is as follows:

	As at	
	31 March 2007 US\$'000 <i>unaudited</i>	31 December 2006 US\$'000 <i>audited</i>
Current to 60 days	86,405	137,275
61 days to 120 days	1,124	1,037
121 days to 180 days	496	144
Over 180 days	847	818
	<u>88,872</u>	<u>139,274</u>

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

### 18. 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 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 Main Board of 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. The Group's share of losses from WCIL amounted to US\$32,000 and US\$30,000 for the three months ended 31 March 2007 and 2006, respectively. As at 31 March 2007, the Group's share of losses in WCIL has exceeded its interest in WCIL by US\$100,000 and this has been recorded in accruals and other liabilities as the Group has constructive obligations towards WCIL.

## Notes to the Consolidated Financial Statements (Continued)

### 18. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

VXL Capital Limited (“VXL Capital”) 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 Capital has a 30% interest 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.

RWS, a company in which a subsidiary of each of the Company and GIPLC has 25% and 75% interest, respectively, is to own, develop and operate the Sentosa Integrated Resort to be known as “Resorts World at Sentosa”.

Significant related party transactions entered into or subsisting between the Group and these companies during the three months ended 31 March 2007 and 2006 are set out below:

- (a) KHD, together with its related companies, are 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 by KHD for the three months ended 31 March 2007 and 2006. Approximately US\$381,000 was paid by KHD on behalf of the Group to the third party contractors during the three months ended 31 March 2007.
- (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\$445,000 and US\$302,000 for the three months ended 31 March 2007 and 2006, respectively.
- (c) 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 ended 31 March 2007 and 2006, the following transactions took place:

	Three months ended 31 March	
	2007 US\$’000 unaudited	2006 US\$’000 unaudited
Amounts charged from the GB Group to the Group	63	79
Amounts charged to the GB Group by the Group	<u>31</u>	<u>24</u>

- (d) During the three months ended 31 March 2007, the Group engaged VXL Financial Services Limited (“VXLFS”), a wholly-owned subsidiary of VXL Capital, to provide financial advisory services in relation to the acquisition of MLIC Group. The amount paid to VXLFS during the three months ended 31 March 2007 was US\$1.8 million.

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.

- (e) On 27 March 2007, the Group entered into a sale and purchase agreement (the “SPA”) with GIPLC to dispose of its 25% indirect interest in RWS for a total consideration of S\$255 million. Upon satisfaction of all conditions set out in the SPA, the Group will cease to have any interest in RWS and the shareholders’ agreement with GIPLC in relation to RWS entered into on 15 December 2006 will terminate. The disposal of 25% indirect interest in RWS had been approved by independent shareholders of the Company on 2 May 2007 in accordance with the Listing Rules. As at 31 March 2007, the carrying amount of the investment in RWS amounted to US\$113.6 million and is included within the investments in associates. The Group’s share of losses from RWS amounted to US\$229,000 for the three months ended 31 March 2007.
- (f) On 16 January 2007, the Group entered into a shareholders’ agreement with GIPLC in relation to the management and operation of a newly formed joint venture company (“JV”), New Orisol Investments Limited. The JV was owned as to 75% by the Group and 25% by GIPLC. The purpose of the JV is to carry out the acquisition of MLIC Group and to develop and build on a piece of land a hotel that will house, inter alia, a casino which will be subject to receiving the relevant authorisation from the Government of Macau. On 2 March 2007, the Group completed its acquisition of GIPLC’s 25% indirect interest in the JV at its investment cost of HK\$58.5 million (“New Orisol Acquisition”). Upon completion of the New Orisol Acquisition on 2 March 2007, the shareholders’ agreement with GIPLC was terminated and the JV became a wholly-owned subsidiary of the Group. Completion of the acquisition of MLIC Group by the JV took place on 19 March 2007.

## Notes to the Consolidated Financial Statements (Continued)

### 19. CAPITAL COMMITMENTS AND CONTINGENCIES

#### (i) Capital expenditure

The aggregate cost of the ships under construction and on firm order (based on the Euro/U.S. dollar exchange rate at the balance sheet dates) as at 31 March 2007 and 31 December 2006 are as follows:

	As at	
	31 March 2007	31 December 2006
	US\$'000	US\$'000
	<i>unaudited</i>	<i>audited</i>
Contracted but not provided for		
- Cruise ships and other related costs	2,420,094	2,398,454

#### (ii) Material litigation and contingencies

There were no material updates to the information disclosed in the Group's annual report for the year ended 31 December 2006.

### 20. SIGNIFICANT SUBSEQUENT EVENTS

- (i) On 2 May 2007, the independent shareholders of the Company approved the divestment of its 25% indirect interest in RWS for a total consideration of S\$255 million. The completion of the disposal is subject to, inter alia, the approval of the independent shareholders of GIPLC, which is scheduled on 28 May 2007.
- (ii) At the Annual General Meeting of the Company held on 15 May 2007, the shareholders of the Company approved the increase of the authorised share capital of the Company from US\$1 billion to US\$1.5 billion.

## Interim Dividend

The Directors do not recommend the declaration of any interim dividend in respect of the three months ended 31 March 2007.

## 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 2006.

### 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 31 March 2007 ("1Q 2007") compared with three months ended 31 March 2006 ("1Q 2006")

#### Turnover

The Group's revenue for 1Q 2007 was US\$564.9 million, increased by 10.0% from US\$513.6 million for 1Q 2006. Net revenue increased by 9.8% primarily due to a 17.5% capacity increase which was partially offset by a 6.5% decrease in net revenue yield. The capacity increase in 1Q 2007 was mainly due to the addition of m.v. Pride of Hawaii and m.v. Norwegian Pearl, which entered service in May 2006 and November 2006, respectively. The overall Group occupancy level remained relatively unchanged, at 99% for both quarters.

Star Cruises Asia operated with 4.7% lower capacity compared with 1Q 2006. The lower capacity day was mainly a result of the drydocking of m.v. SuperStar Virgo. Net revenue was 15.7% lower as a result of a lower capacity and a 13.0% lower net revenue yield. The lower net revenue yield was mainly the result of a lower gaming hold percentage onboard Star Cruises' ships. Occupancy levels in Star Cruises Asia operations remained relatively unchanged, at 76% for both quarters.

NCLC Group recorded an increase in capacity days of 23.4% for 1Q 2007 compared to 1Q 2006. The increase in capacity was primarily due to the addition of m.v. Pride of Hawaii and m.v. Norwegian Pearl, which entered service in May 2006 and November 2006, respectively. Net revenue increased by 16.9% mainly due to the abovementioned increase in capacity, partially offset by a lower net revenue yield of 5.3%. The decrease in net revenue yield in 1Q 2007 was mainly the result of a decrease in passenger ticket prices. The decrease in passenger ticket prices was primarily due to the downward pricing pressure related to NCLC Group's inter-island cruises in Hawaii. Occupancy level for NCLC Group for 1Q 2007 decreased to 103.9% from 105.5% for 1Q 2006.

#### Cost and expenses

Total costs and expenses before interest and non-operating items for 1Q 2007 amounted to US\$575.0 million compared with US\$498.5 million for 1Q 2006, an increase of US\$76.5 million.

Operating expenses increased by US\$59.2 million to US\$436.0 million in 1Q 2007 from US\$376.8 million in 1Q 2006. Ship operating expenses were 18.8% higher compared with 1Q 2006. Ship operating expenses per capacity day were 1.1% higher compared with 1Q 2006 primarily due to the charter hire fee paid for m.v. Norwegian Crown. The absence of start-up costs in 1Q 2007, combined with a decrease in crew turnover on the U.S. fleet, resulted in lower recruiting and training costs, which were the primary drivers of the improvement in payroll and related costs per capacity day. Reductions in payroll and other controllable ship costs per capacity day were also achieved across the international fleet. In 1Q 2007, average fuel prices, including the impact of fuel hedges, decreased approximately 4.1% from 1Q 2006. Fuel costs accounted for approximately 18% of ship operating expenses in 1Q 2007 compared with 19% in 1Q 2006.

Selling, general and administrative ("SG&A") expenses increased by US\$10.0 million to US\$80.5 million in 1Q 2007 from US\$70.5 million in 1Q 2006. The increase was mainly due to higher advertising and promotional expenses and higher shoreside expenses as a result of higher capacity. However, with the increase in capacity, SG&A expenses per capacity day continued to decrease year-over-year. SG&A expenses per capacity day for 1Q 2007 were 2.8% lower compared with 1Q 2006 mainly due to the economies of scale achieved from the capacity increase.

Depreciation and amortisation expenses increased by US\$7.2 million to US\$58.5 million for 1Q 2007 from US\$51.3 million for 1Q 2006. The increase was primarily due to the addition of m.v. Pride of Hawaii and m.v. Norwegian Pearl.

#### Operating profit / (loss)

As a result of the above factors, the Group recorded an operating loss of US\$10.1 million in 1Q 2007 compared with an operating profit of US\$15.1 million in 1Q 2006.

#### Non-operating expense

Non-operating expense increased by US\$16.7 million to US\$67.4 million for 1Q 2007 compared with US\$50.7 million for 1Q 2006. 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\$9.8 million to US\$54.4 million for 1Q 2007 compared to US\$44.6 million for 1Q 2006 as a result of higher average outstanding debts. Capitalised interest decreased to US\$1.3 million for 1Q 2007 from US\$3.0 million for 1Q 2006 mainly due to a lower average level of investment in ships under construction as certain ships have been delivered in the second quarter and fourth quarter of 2006.
- (b) The Group recorded a non-cash foreign currency debts translation loss of US\$9.3 million for 1Q 2007 compared to US\$4.7 million in 1Q 2006.

## Management's Discussion and Analysis *(Continued)*

### Loss before taxation

Loss before taxation for 1Q 2007 was US\$77.5 million compared to US\$35.6 million for 1Q 2006.

### Taxation

The Group incurred taxation expense of US\$1.9 million for 1Q 2007 compared to a taxation benefit of US\$0.5 million for 1Q 2006. Star Cruises Asia recorded a tax expense of US\$1.8 million for 1Q 2007 compared to US\$0.4 million for 1Q 2006. For 1Q 2006, NCLC Group recorded a tax benefit of US\$0.9 million of its U.S. federal tax for the tour operation in U.S.

### Net loss attributable to shareholders

The Group recorded a net loss attributable to shareholders of US\$79.4 million for 1Q 2007 compared with US\$35.1 million in 1Q 2006.

### 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 1Q 2007, cash and cash equivalents (net of bank overdraft) decreased to US\$139.8 million from US\$467.2 million as at 31 December 2006. The decrease of US\$327.4 million in cash and cash equivalents (net of bank overdraft), was mainly due to the net effect of the following items:

- (a) The Group's business provided US\$12.6 million of net cash from operations for 1Q 2007 compared to US\$61.1 million for 1Q 2006. The decrease in net cash generated from operations was primarily due to the changes relating to operating liabilities during 1Q 2007 compared with 1Q 2006 and losses during 1Q 2007.
- (b) The Group's capital expenditure was approximately US\$33.2 million in 1Q 2007. The Group used approximately US\$206.6 million, including the assignment of loans from minority shareholders, for the acquisition of 75% equity interest in MLIC. In addition, the Group used approximately US\$108.0 million to acquire an additional equity interest in RWS.
- (c) The Group received proceeds of approximately US\$14.7 million from the disposal of a subsidiary, Laem Chabang Cruise Centre Co., Ltd. during 1Q 2007.
- (d) In 1Q 2007, the Group drewdown a net amount of US\$17.0 million under the existing bank loans for working capital purposes. In 1Q 2007, the Group has also paid loan arrangement fees in the amount of US\$7.8 million.
- (e) The Group refunded the excess cash received of approximately US\$98.8 million in respect of the unsuccessful applications for excess rights shares pursuant to the rights issue in December 2006. In 1Q 2007, the Group issued 255 million ordinary shares of US\$0.10 each at the subscription price of HK\$2.29 (US\$0.29) per share and 255 million option shares at a premium of HK\$0.28 (US\$0.04) per option share to the independent third parties.

### Prospects

In response to the continuing unsatisfactory result in Hawaii, NCLC Group has recently announced the withdrawal of m.v. *Pride of Hawaii* from that market effective February 2008. The ship will be re-flagged, renamed m.v. *Norwegian Jade* and deployed in Europe for the summer of 2008. The European market has shown strong growth resulting from a combination of an increase in the number of Europeans taking cruises and strong demand from U.S. passengers finding U.S. dollar-denominated cruising to be an economically attractive way to experience Europe with the weak U.S. dollar. The European deployment of m.v. *Norwegian Jade* along with her two sister ships, m.v. *Norwegian Jewel* and m.v. *Norwegian Gem*, should allow NCLC Group to further capitalise on the growing demand for European cruising.

NCLC Group continues to experience a very competitive pricing environment, especially in the Caribbean and Hawaii. Demand for Alaska, though still relatively strong, has begun to show some signs of slowing. Pricing for NCLC Group's European deployment remains strong.

In Asia Pacific, upon completing her current season in India at the end of this month, m.v. *SuperStar Libra* will be deployed to Taiwan during June through October this year. The market response to her deployment to Taiwan is encouraging with relatively high volume of advance bookings.

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 2006.

## Interests of Directors

As at 31 March 2007, 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

Name of Director	Nature of interests / capacity in which such interests were held					Total	Percentage of issued ordinary shares
	Beneficial owner	Interests of spouse	Interests of controlled corporation	Founder / Beneficiary of discretionary trusts			
	Number of ordinary shares (Notes)						
Tan Sri Lim Kok Thay	362,216,893	36,298,108	582,927,016	4,974,882,524	5,920,026,433	82.168	
Mr. Chong Chee Tut	1,103,605	(1)	(2)	(3 and 4)	(5)	0.015	
Mr. William Ng Ko Seng	750,034	—	—	—	750,034	0.010	
Mr. David Colin Sinclair Veitch	335,445	—	—	—	335,445	0.005	

Notes:

As at 31 March 2007:

1. Tan Sri Lim Kok Thay ("Tan Sri KT Lim") had a family interest in the same block of 36,298,108 ordinary shares directly held by Goldsfine Investments Ltd. ("Goldsfine") in which his wife, Puan Sri Wong Hon Yee had a corporate interest.
2. Tan Sri KT Lim was also deemed to have a corporate interest in 582,927,016 ordinary shares (comprising (i) the same block of 36,298,108 ordinary shares directly held by Goldsfine in which each of Tan Sri KT Lim and Puan Sri Wong Hon Yee held 50% of its issued share capital and (ii) the same block of 546,628,908 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 (trustees of which are Parkview Management Sdn Bhd and GZ Trust Corporation respectively), had a deemed interest in 4,974,882,524 ordinary shares.
4. Out of 4,974,882,524 ordinary shares, 502,528,000 ordinary shares were pledged shares.
5. There was no duplication in arriving at the total interest.
6. All the above interests represented long positions in the shares of the Company and excluded 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 31 March 2007, 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	Capacity in which such interests were held
Tan Sri Lim Kok Thay	8,923,237	0.124	Beneficial owner
Mr. Chong Chee Tut	1,200,579	0.017	Beneficial owner
Mr. William Ng Ko Seng	868,308	0.012	Beneficial owner
Mr. David Colin Sinclair Veitch	3,115,023	0.043	Beneficial owner

## Interests of Directors *(Continued)*

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

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 represented 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	No. of issued ordinary shares	Percentage of issued ordinary shares	Capacity in which such interests were held
WorldCard International Limited ("WCIL") (1)	Tan Sri Lim Kok Thay	1,000,000	100	Founder and a beneficiary of two discretionary trusts
Resorts World at Sentosa Pte. Ltd. ("RWS") (2)	Tan Sri Lim Kok Thay	700,000,000	100	Founder and a beneficiary of two discretionary trusts

Notes:

As at 31 March 2007:

1. WCIL was a company in which a subsidiary of each of the Company and Genting International P.L.C. ("GIPLC") had a 50% interest.
2. RWS was a company in which a subsidiary of each of the Company and GIPLC had 25% and 75% interest, respectively.
3. All the above interests represented 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 31 March 2007, 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 2006. 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 31 March 2007 were as follows:

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

	Number of options outstanding at 01/01/2007	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 31/03/2007	Date granted	Exercise price per share	Exercisable period
Tan Sri Lim Kok Thay (Director)	1,881,992	(470,499) <sup>1</sup>	—	—	1,411,493	24/03/1999	US\$0.2524	24/03/2002 – 23/03/2009
	713,859	—	(178,466)	—	535,393	24/03/1999	US\$0.3953	24/03/2002 – 23/03/2009
	648,963	—	—	—	648,963	23/10/2000	US\$0.2524	23/10/2003 – 22/08/2010
	1,881,992	(470,499) <sup>1</sup>	—	—	1,411,493	16/11/2000	US\$0.2524	24/03/2002 – 23/03/2009
	713,859	—	(178,466)	—	535,393	16/11/2000	US\$0.3953	24/03/2002 – 23/03/2009
	162,241	—	—	—	162,241	16/11/2000	US\$0.2524	23/10/2003 – 22/08/2010
	<b>6,002,906</b>	<b>(940,998)</b>	<b>(356,932)</b>	<b>—</b>	<b>4,704,976</b>			
Mr. Chong Chee Tut (Director)	32,448	—	—	—	32,448	25/05/1998	US\$0.3953	23/06/2000 – 22/06/2007
	220,647	(55,163) <sup>2</sup>	—	—	165,484	24/03/1999	US\$0.2524	24/03/2002 – 23/03/2009
	38,937	—	(9,735)	—	29,202	24/03/1999	US\$0.3953	24/03/2002 – 23/03/2009
	311,502	—	—	—	311,502	23/10/2000	US\$0.2524	23/10/2003 – 22/08/2010
	12,979	—	—	—	12,979	23/10/2000	US\$0.3953	23/10/2003 – 22/08/2010
	<b>616,513</b>	<b>(55,163)</b>	<b>(9,735)</b>	<b>—</b>	<b>551,615</b>			
Mr. William Ng Ko Seng (Director)	12,979	(6,492) <sup>3</sup>	—	—	6,487	24/03/1999	US\$0.2524	24/03/2002 – 23/03/2009
	51,918	—	(12,980)	—	38,938	24/03/1999	US\$0.3953	24/03/2002 – 23/03/2009
	246,605	(98,644) <sup>3</sup>	—	—	147,961	23/10/2000	US\$0.2524	23/10/2003 – 22/08/2010
	12,979	—	—	—	12,979	23/10/2000	US\$0.3953	23/10/2003 – 22/08/2010
	<b>324,481</b>	<b>(105,136)</b>	<b>(12,980)</b>	<b>—</b>	<b>206,365</b>			
Mr. David Colin Sinclair Veitch (Director)	<b>648,963</b>	—	<b>(129,793)</b>	—	<b>519,170</b>	07/01/2000	US\$0.3953	07/01/2003 – 06/01/2010
All other employees	64,897	—	(64,897)	—	—	25/05/1998	US\$0.2524	11/03/2000 – 10/03/2007
	272,567	—	—	—	272,567	25/05/1998	US\$0.3953	23/06/2000 – 22/06/2007
	1,226,533	—	(1,226,533)	—	—	25/05/1998	US\$0.3953	06/01/2000 – 05/01/2007
	6,030,668	(207,651) <sup>4</sup>	(1,386,868)	(100,197)	4,335,952	24/03/1999	US\$0.2524	24/03/2002 – 23/03/2009
	3,269,563	(6,490) <sup>5</sup>	(891,919)	(36,730)	2,334,424	24/03/1999	US\$0.3953	24/03/2002 – 23/03/2009
	335,624	(7,500) <sup>5</sup>	—	—	328,124	30/06/1999	US\$0.2524	30/06/2002 – 29/06/2009
	685,157	—	—	—	685,157	30/06/1999	US\$0.3953	30/06/2002 – 29/06/2009
	1,113,474	(79,767) <sup>6</sup>	—	(82,477)	951,230	23/10/2000	US\$0.2524	23/10/2003 – 22/08/2010
	1,529,443	—	—	(45,427)	1,484,016	23/10/2000	US\$0.3953	23/10/2003 – 22/08/2010
		<b>14,527,926</b>	<b>(301,408)</b>	<b>(3,570,217)</b>	<b>(264,831)</b>	<b>10,391,470</b>		
<b>Grand Total</b>	<b>22,120,789</b>	<b>(1,402,705)</b>	<b>(4,079,657)</b>	<b>(264,831)</b>	<b>16,373,596</b>			

## Share Options (Continued)

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

Notes:

1. Exercise date was 22 March 2007. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.000.
2. Exercise date was 23 March 2007. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.010.
3. Exercise date was 22 January 2007. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.530.
4. At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK\$2.567.
5. Exercise date was 25 January 2007. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$3.920.
6. At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK\$2.432.

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 01/01/2007	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 31/03/2007	Date granted	Exercise price per share	Exercisable period
Tan Sri Lim Kok Thay (Director)	3,585,521	—	—	—	3,585,521	19/08/2002	HK\$2.8142	20/08/2004 – 19/08/2012
	632,740	—	—	—	632,740	23/08/2004	HK\$1.6202	24/08/2006 – 23/08/2014
	<b>4,218,261</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,218,261</b>			
Mr. Chong Chee Tut (Director)	551,619	—	—	—	551,619	19/08/2002	HK\$2.8142	20/08/2004 – 19/08/2012
	97,345	—	—	—	97,345	23/08/2004	HK\$1.6202	24/08/2006 – 23/08/2014
	<b>648,964</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>648,964</b>			
Mr. William Ng Ko Seng (Director)	661,943	—	—	—	661,943	19/08/2002	HK\$2.8142	20/08/2004 – 19/08/2012
	116,814	(116,814) <sup>1</sup>	—	—	—	23/08/2004	HK\$1.6202	24/08/2006 – 23/08/2014
	<b>778,757</b>	<b>(116,814)</b>	<b>—</b>	<b>—</b>	<b>661,943</b>			
Mr. David Colin Sinclair Veitch (Director)	2,206,475	—	—	—	2,206,475	19/08/2002	HK\$2.8142	20/08/2004 – 19/08/2012
	389,378	—	—	—	389,378	23/08/2004	HK\$1.6202	24/08/2006 – 23/08/2014
	<b>2,595,853</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,595,853</b>			
All other employees	66,874,639	(49,301) <sup>2</sup>	(485,498)	—	66,339,840	19/08/2002	HK\$2.8142	20/08/2004 – 19/08/2012
	843,652	—	—	—	843,652	08/09/2003	HK\$2.8142	09/09/2005 – 08/09/2013
	10,017,261	(384,206) <sup>3</sup>	—	—	9,633,055	23/08/2004	HK\$1.6202	24/08/2006 – 23/08/2014
	<b>77,735,552</b>	<b>(433,507)</b>	<b>(485,498)</b>	<b>—</b>	<b>76,816,547</b>			
<b>Grand Total</b>	<b>85,977,387</b>	<b>(550,321)</b>	<b>(485,498)</b>	<b>—</b>	<b>84,941,568</b>			

## Share Options (Continued)

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

Notes:

1. Exercise date was 22 January 2007. At the date before the options were exercised, the market closing value per share quoted on the Stock Exchange was HK\$2.530.
2. At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK\$2.752.
3. At the dates before the options were exercised, the weighted average market closing value per share quoted on the Stock Exchange was HK\$2.885.

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 31 March 2007, the following persons (other than the Directors or the Chief Executive of the Company) had interests or short positions in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital, as recorded in the register required to be kept under section 336 of the SFO and in accordance with information received by the Company:

### (A) Interests in the shares of the Company

Name of shareholder (Notes)	Beneficial owner	Nature of interests / capacity in which such interests were held				Total	Percentage of issued ordinary shares
		Interests of spouse	Interests of controlled corporation	Trustee	Beneficiary of trust		
Number of ordinary shares (Notes)							
Parkview Management Sdn Bhd (as trustee of a discretionary trust) (1)	—	—	2,463,055,180 (10)	2,463,055,180 (12)	—	2,463,055,180 (20)	34.19
Kien Huat Realty Sdn Bhd (2)	—	—	2,463,055,180 (10)	—	—	2,463,055,180	34.19
Genting Berhad (3)	—	—	2,463,055,180 (10)	—	—	2,463,055,180	34.19
Resorts World Bhd (4)	—	—	2,442,959,180 (11)	—	—	2,442,959,180	33.91
Sierra Springs Sdn Bhd (5)	—	—	2,442,959,180 (11)	—	—	2,442,959,180	33.91
Resorts World Limited (5)	2,442,959,180	—	—	—	—	2,442,959,180	33.91
GZ Trust Corporation (as trustee of a discretionary trust) (6)	—	—	2,511,827,344 (13)	2,511,827,344 (14 and 19)	2,511,827,344 (16)	2,511,827,344 (20)	34.86
Cove Investments Limited (7)	—	—	—	—	2,511,827,344 (17 and 19)	2,511,827,344	34.86
Golden Hope Limited (as trustee of Golden Hope Unit Trust) (8)	—	—	—	2,511,827,344 (15 and 19)	—	2,511,827,344	34.86
Joondalup Limited (9)	546,628,908	—	—	—	—	546,628,908	7.59
Puan Sri Wong Hon Yee	—	5,920,026,433 (18(a) and 19)	36,298,108 (18(b))	—	—	5,920,026,433 (20)	82.17

## Interests of Substantial Shareholders (Continued)

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

Notes:

As at 31 March 2007:

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 the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") of which KHR controlled 39.6% of its equity interest.
4. Resorts World Bhd ("RWB"), a company listed on the Main Board of Bursa Malaysia of which GB controlled 53.1% 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.
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 2,463,055,180 ordinary shares (comprising the same block of 2,442,959,180 ordinary shares held directly by RWL and the same block of 20,096,000 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 2,442,959,180 ordinary shares held directly by RWL.
12. The interest in 2,463,055,180 ordinary shares was held by Parkview in its capacity as trustee of the Discretionary Trust 1 and it comprised the same block of 2,442,959,180 ordinary shares held directly by RWL and the same block of 20,096,000 ordinary shares held directly by GOHL.
13. GZ as trustee of the Discretionary Trust 2 had a corporate interest in the same block of 2,511,827,344 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 2,511,827,344 ordinary shares held directly by Golden Hope as trustee of GHUT.
15. The interest in 2,511,827,344 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 2,511,827,344 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 2,511,827,344 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 5,920,026,433 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 36,298,108 ordinary shares held directly by Goldsfine by holding 50% of its equity interest.
19. Out of the same block of 2,511,827,344 ordinary shares held directly by Golden Hope as trustee of GHUT, 502,528,000 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.

## 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	Nature of interests
Puan Sri Wong Hon Yee	8,923,237 (Note)	0.124	Interests of spouse

*Note:*

Puan Sri Wong Hon Yee as the spouse of Tan Sri KT Lim, was deemed to have a family interest in 8,923,237 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 31 March 2007, 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 eleven loan agreements for an aggregate principal amount of approximately US\$5.84 billion, of which US\$3.19 billion has been drawdown, with terms ranging from five to sixteen years from the dates of these agreements. As at 31 March 2007, the outstanding loan balances was approximately US\$2.97 billion. The Euro denominated loans had been translated into US dollars based on the exchange rate of US\$1.3354 to €1 as at 31 March 2007.

One of these agreements requires the Lim Family 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 term of the loan. The other ten 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, the €624 million revolving loan facility, the two €662,905,320 credit facilities and the US\$610 million revolving credit 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 three months ended 31 March 2007, save for the issue of new ordinary shares of US\$0.10 each by the Company as follows:

- (a) the issue of 1,402,705 new ordinary shares of US\$0.10 each at an aggregate price of US\$354,970 pursuant to the exercise of options granted under the Pre-listing Employee Share Option Scheme;
- (b) the issue of 550,321 new ordinary shares of US\$0.10 each at an aggregate price of HK\$950,495 pursuant to the exercise of options granted under the Post-listing Employee Share Option Scheme;
- (c) the issue of 163,414,009 new ordinary shares of US\$0.10 each upon conversion of an aggregate amount of US\$53,395,000 of the US\$180,000,000 2% Convertible Bonds due 2008 at the conversion price of HK\$2.53 per share; and
- (d) the issue of 255,000,000 new ordinary shares of US\$0.10 each at the subscription price of HK\$2.29 (US\$0.29) per share, with an aggregate price, net of issuance costs, of approximately US\$75,000,000 to independent third parties pursuant to the share subscription agreements dated 17 January 2007.

## 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 2007 to 31 March 2007 (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 three months ended 31 March 2007, save for the deviation from Code Provision A.2.1 which states that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Considered reasons for the deviation from Code Provision A.2.1 were set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2006 issued in March 2007.

## Review by Audit Committee

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, Mr. Tan Boon Seng and Mr. Lim Lay Leng.

On behalf of the Board

**Tan Sri Lim Kok Thay**  
*Chairman and Chief Executive Officer*

Hong Kong, 15 May 2007