STAR CRUISES

STAR CRUISES LIMITED

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

(Stock Code: 678)

INTERIM REPORT TO SHAREHOLDERS

for the six months ended 30 June 2008

STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

Interim Report for the six months ended 30 June 2008

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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

Mr. Tan Boon Seng
Independent Non-executive Director

Mr. Lim Lay Leng
Independent Non-executive Director

Mr. Heah Sieu Lay
Independent Non-executive Director

President
Mr. David Chua Ming Huat

Secretary
Ms. Louisa Tam Suet Lin

Assistant Secretary
Appleby Services (Bermuda) Ltd.

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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 six months ended 30 June 2008, as follows:

Consolidated Income Statement

	Note	Six months ended 30 June 2008 US$'000 *unaudited*	Six months ended 30 June 2007 US$'000 *unaudited*
Turnover	3	204,105	1,221,919
Operating expenses (excluding depreciation, amortisation and impairment loss)		(152,985)	(902,796)
Selling, general and administrative expenses (excluding depreciation)		(47,659)	(161,661)
Depreciation and amortisation	8	(32,806)	(119,713)
Reversal of previously recognised impairment loss / (Impairment loss)	4	1,250	(5,165)
		(232,200)	(1,189,335)
		(28,095)	32,584
Interest income		416	2,805
Finance costs	5	(15,609)	(114,230)
Share of losses of associates	6	—	(905)
Share of loss of a jointly controlled entity	13	(85,542)	—
Other income, net	7	80,260	26,970
		(20,475)	(85,360)
Loss before taxation	8	(48,570)	(52,776)
Taxation	9	(1,117)	(3,226)
Loss for the period		(49,687)	(56,002)
Attributable to:			
Equity holders of the Company		(49,436)	(56,002)
Minority interest		(251)	—
		(49,687)	(56,002)
Basic loss per share (US cents)	10	(0.67)	(0.79)
Diluted loss per share (US cents)	10	N/A*	N/A*
Operating data			
Passenger Cruise Days		1,000,612	5,684,994
Capacity Days		1,270,517	5,576,623
Occupancy as a percentage of total capacity days		79%	102%

* Diluted loss per share for the six months ended 30 June 2008 and 2007 are not shown as the diluted loss per share is less than the basic loss per share.

Consolidated Balance Sheet

		As at	
		30 June	31 December
		2008	2007
		US$'000	*US$'000*
	Note	*unaudited*	*audited*
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11	—	590,994
Deferred tax assets		103	43
Property, plant and equipment		793,967	5,200,573
Lease prepayments	12	286,126	289,554
Investment in a jointly controlled entity	13	729,086	—
Restricted cash		—	1,682
Other assets		3,130	61,708
Other receivable	14	143,500	—
		1,955,912	6,144,554
CURRENT ASSETS			
Consumable inventories		8,318	49,066
Trade receivables	15	21,455	20,156
Prepaid expenses and other receivables	14	452,093	62,399
Derivative financial instruments	20	—	1,953
Restricted cash		—	1,375
Cash and cash equivalents		83,833	149,086
		565,699	284,035
Non-current assets classified as held for sale	16	274,101	—
		839,800	284,035
TOTAL ASSETS		2,795,712	6,428,589

Consolidated Balance Sheet *(Continued)*

		As at	
		30 June	31 December
		2008	2007
		US$'000	*US$'000*
	Note	*unaudited*	*audited*
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	742,625	742,625
Reserves:			
Share premium		1,495,033	1,495,033
Additional paid-in capital		98,884	94,450
Convertible bonds - equity component	19	4,391	4,391
Foreign currency translation adjustments		(16,135)	(18,102)
Unamortised share option expense		(5,898)	(342)
Cash flow hedge reserve		(1,122)	(713)
Accumulated losses		(394,186)	(344,750)
		1,923,592	1,972,592
Minority interest		66,529	66,780
TOTAL EQUITY		1,990,121	2,039,372
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowings	18	499,450	3,322,888
Derivative financial instruments	20	4,126	2,996
Other long-term liabilities		—	4,801
Deferred tax liabilities		160	38
		503,736	3,330,723
CURRENT LIABILITIES			
Trade creditors	21	26,990	121,414
Current income tax liabilities		1,883	1,562
Provisions, accruals and other liabilities		130,375	275,388
Current portion of long-term borrowings	18	122,619	312,020
Derivative financial instruments	20	2,120	1,297
Amounts due to related companies	22	509	571
Advance ticket sales		17,359	346,242
		301,855	1,058,494
TOTAL LIABILITIES		805,591	4,389,217
TOTAL EQUITY AND LIABILITIES		2,795,712	6,428,589
NET CURRENT ASSETS / (LIABILITIES)		537,945	(774,459)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,493,857	5,370,095

Consolidated Cash Flow Statement

	Note	Six months ended 30 June 2008 *US$'000 unaudited*	2007 *US$'000 unaudited*
OPERATING ACTIVITIES			
Cash (used in) / generated from operations		(9,621)	202,640
Interest paid		(19,357)	(86,370)
Interest received		416	2,874
Income tax paid		(490)	(3,390)
Net cash (outflow) / inflow from operating activities		(29,052)	115,754
INVESTING ACTIVITIES			
(Net cash outflow arising on deemed disposal) / Proceeds from disposal of a subsidiary	(a)	(40,291)	14,686
Acquisition of a subsidiary, net of cash acquired	(b)	—	(206,619)
Deposit paid in relation to the investment in the Philippines		(100,000)	—
Purchase of property, plant and equipment		(62,407)	(82,448)
Transaction fees received from a jointly controlled entity		10,000	—
Proceeds from sale of trade name		1,250	—
Proceeds from sale of property, plant and equipment		62	12
Proceeds from disposal of an associate		—	166,696
Acquisition of additional equity investment in an associate		—	(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		(38)	—
Net cash outflow from investing activities		(191,424)	(215,665)
FINANCING ACTIVITIES			
Proceeds from long-term borrowings		183,200	425,000
Repayments of long-term borrowings		(28,750)	(614,414)
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		—	(518)
Others		(1,978)	(5,358)
Net cash inflow / (outflow) from financing activities		152,472	(210,027)
Effect of exchange rate changes on cash and cash equivalents		2,751	(860)
Net decrease in cash and cash equivalents and bank overdraft		(65,253)	(310,798)
Cash and cash equivalents and bank overdraft at 1 January		149,086	467,161
Cash and cash equivalents at 30 June		83,833	156,363
NON-CASH FINANCING ACTIVITY			
Conversion of convertible bonds		—	62,929

Notes to Consolidated Cash Flow Statement

(a) Net cash outflow arising on deemed disposal / Proceeds from disposal of a subsidiary

Net cash outflow arising on deemed disposal

On 7 January 2008, the deemed disposal arising from subscription for new shares by Apollo Management L.P. ("Apollo") and its affiliates in a then major subsidiary, NCL Corporation Ltd. ("NCLC") through an equity investment of US$1 billion was completed. As a result, NCLC ceased to be a subsidiary of the Company and became a jointly controlled entity of the Company.

The details of net assets disposed of and cash flow arising from the deemed disposal of NCLC are as follows:

	As at date of deemed disposal *US$'000*
Trade and other receivables	42,595
Consumable inventories	41,997
Cash and bank balances	40,291
Intangible assets	590,994
Property, plant and equipment	4,175,086
Other assets	61,322
Long-term borrowings (including current portion of long-term borrowings)	(3,169,060)
Other long-term liabilities	(4,801)
Trade and other creditors	(291,509)
Advance ticket sales	(332,802)
Net assets disposed of	1,154,113
Release of reserves upon deemed disposal of a subsidiary	(2,104)
Share of net assets after deemed disposal reclassified as investment in a jointly controlled entity	(813,432)
Gain on deemed disposal of a subsidiary	71,783
	410,360
Adjustment for deferred consideration to be received, net of cash losses cap and shut down costs	(410,360)
	—
Cash and bank balances disposed of	(40,291)
Net cash outflow arising on deemed disposal	(40,291)

Notes to Consolidated Cash Flow Statement *(Continued)*

(a) Net cash outflow arising on deemed disposal / Proceeds from disposal of a subsidiary *(continued)*

Proceeds from disposal of a subsidiary

In September 2006, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Laem Chabang Cruise Centre Co., Ltd. ("LCCC") for a cash consideration of approximately US$14.7 million. The effective date of the disposal of LCCC was in December 2006 and the disposal proceeds were subsequently received in the first quarter of 2007.

The details of the net assets disposed of and the cash flow arising from the disposal are shown below:

	As at date of disposal *US$'000*
Property, plant and equipment	14,476
Lease prepayments	780
Trade and other receivables	375
Cash and bank balances	381
Trade and other creditors	(322)
Net assets disposed of	15,690
Reserve on exchange differences realised on disposal	(2,341)
Gain on disposal of a subsidiary	1,337
Total cash consideration received	14,686

(b) 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. The purchase price was approximately US$200.6 million.

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

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

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company										
	Share capital US$'000	Share premium US$'000	Additional paid-in capital US$'000	Convertible bonds - equity component US$'000	Foreign currency translation adjustments US$'000	Unamortised share option expense US$'000	Cash flow hedge reserve US$'000	Accumulated losses US$'000	Total US$'000	Minority interest US$'000	Total equity US$'000
Six months ended 30 June 2008											
unaudited											
At 1 January 2008	742,625	1,495,033	94,450	4,391	(18,102)	(342)	(713)	(344,750)	1,972,592	66,780	2,039,372
Exchange translation differences	–	–	–	–	1,967	–	–	–	1,967	–	1,967
Cash flow hedge:											
– Loss on financial instruments	–	–	–	–	–	–	(1,231)	–	(1,231)	–	(1,231)
– Transferred to consolidated income statement	–	–	–	–	–	–	221	–	221	–	221
Release of reserves upon disposal of a subsidiary	–	–	(1,579)	–	–	125	(650)	–	(2,104)	–	(2,104)
Share of reserves in a jointly controlled entity	–	–	(47)	–	–	86	1,251	–	1,290	–	1,290
Net amounts not recognised in the consolidated income statement	–	–	(1,626)	–	1,967	211	(409)	–	143	–	143
Loss for the period	–	–	–	–	–	–	–	(49,436)	(49,436)	(251)	(49,687)
Total recognised income / (expense) for the period	–	–	(1,626)	–	1,967	211	(409)	(49,436)	(49,293)	(251)	(49,544)
Amortisation of share option expense	–	–	–	–	–	293	–	–	293	–	293
Issuance of share option	–	–	6,060	–	–	(6,060)	–	–	–	–	–
At 30 June 2008	742,625	1,495,033	98,884	4,391	(16,135)	(5,898)	(1,122)	(394,186)	1,923,592	66,529	1,990,121

Consolidated Statement of Changes in Equity *(Continued)*

	Attributable to equity holders of the Company										
	Share capital US$'000	Share premium US$'000	Additional paid-in capital US$'000	Convertible bonds - equity component US$'000	Foreign currency translation adjustments US$'000	Unamortised share option expense US$'000	Cash flow hedge reserve US$'000	Accumulated losses US$'000	Total US$'000	Minority interest US$'000	Total equity US$'000
Six months ended 30 June 2007											
unaudited											
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	–	–	–	–	67	–	–	–	67	–	67
Cash flow hedge:											
– Gain on financial instruments	–	–	–	–	–	–	3,843	–	3,843	–	3,843
– Transferred to consolidated income statement	–	–	–	–	–	–	(570)	–	(570)	–	(570)
Net amounts not recognised in the consolidated income statement	–	–	–	–	67	–	3,273	–	3,340	–	3,340
Loss for the period	–	–	–	–	–	–	–	(56,002)	(56,002)	–	(56,002)
Total recognised income / (expense) for the period	–	–	–	–	67	–	3,273	(56,002)	(52,662)	–	(52,662)
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	–	–	–	–	–	252	–	–	252	–	252
At 30 June 2007	720,475	1,429,828	94,513	10,128	(22,455)	(566)	1,675	(199,946)	2,033,652	66,860	2,100,512

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Star Cruises Limited (the "Company") is an exempted company continued into Bermuda with limited liability and the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and traded on the Quotation and Execution System for Trading of the Singapore Exchange Securities Trading Limited. The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in the business of cruise and cruise related operations.

On 7 January 2008, the deemed disposal arising from subscription for new shares by Apollo and its affiliates in NCLC through an equity investment of US$1 billion was completed. As a result, NCLC ceased to be a subsidiary of the Company and became a jointly controlled entity of the Company. For the purpose of this interim report, the definition of the Group up to 6 January 2008 refers to the Company and its subsidiaries (which includes NCLC and its subsidiaries (the "NCLC Group")). Upon completion of the Apollo transaction on 7 January 2008, the definition of the Group refers to the Company and its subsidiaries (with the NCLC Group being accounted for as a jointly controlled entity).

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2007 includes the full consolidation of NCLC Group's results whereas the unaudited consolidated financial statements of the Group for the six months ended 30 June 2008 reflects the Group's Asia Pacific operations with the results of NCLC Group being accounted for as a jointly controlled entity using equity method.

2. 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 (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 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 2007.

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 2007.

Notes to the Consolidated Financial Statements *(Continued)*

3. TURNOVER AND SEGMENT INFORMATION

The turnover consists of revenues earned from cruise and cruise related activities and other activities.

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

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

unaudited Six months ended 30 June 2008	Cruise and cruise related activities *US$'000*	Charter hire and others *US$'000*	Total *US$'000*
Passenger ticket revenue	71,524	—	71,524
Onboard and other revenues	24,511	—	24,511
Gaming revenue	100,339	—	100,339
Charter hire and others	—	7,731	7,731
Total turnover	196,374	7,731	204,105
Segment results before reversal of previously recognised impairment loss	(29,200)	(145)	(29,345)
Reversal of previously recognised impairment loss	—	1,250	1,250
	(29,200)	1,105	(28,095)
Interest income			416
Finance costs			(15,609)
Share of loss of a jointly controlled entity			(85,542)
Other income, net			80,260
Loss before taxation			(48,570)
Taxation			(1,117)
Loss for the period			(49,687)

unaudited Six months ended 30 June 2007	Cruise and cruise related activities *US$'000*	Charter hire and others *US$'000*	Total *US$'000*
Passenger ticket revenue	811,018	—	811,018
Onboard and other revenues	268,138	—	268,138
Gaming revenue	142,763	—	142,763
Total turnover	1,221,919	—	1,221,919
Segment results before impairment loss	37,749	—	37,749
Impairment loss	(5,165)	—	(5,165)
	32,584	—	32,584
Interest income			2,805
Finance costs			(114,230)
Share of losses of associates			(905)
Other income, net			26,970
Loss before taxation			(52,776)
Taxation			(3,226)
Loss for the period			(56,002)

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Following the deemed disposal of NCLC Group in January 2008, the Group is principally engaged in the operation of passenger cruise ships in Asia Pacific. Accordingly, no geographical analysis of financial information for the six months ended 30 June 2008 is provided. The Group's turnover in its principal markets of North America and Asia Pacific for the six months ended 30 June 2007 are analysed as follows:

	Six months ended 30 June 2007 *US$'000* *unaudited*
Asia Pacific	204,857
North America[1]	922,038
Europe and others	95,024
	1,221,919

Note:

1. Substantially, all of the turnover arises in the United States of America.

4. REVERSAL OF PREVIOUSLY RECOGNISED IMPAIRMENT LOSS / IMPAIRMENT LOSS

On 25 May 2007, the Group entered into a sale and leaseback arrangement of m.v. Marco Polo with a third party. m.v. Marco Polo has been delivered to her new owner in late July 2007 and leased back by the Group under the bareboat charter agreement. As a result of this disposal, the Group recorded a US$5.4 million reversal of its 2006 impairment loss, being the amount by which the sale proceeds exceeded the carrying value of m.v. Marco Polo. At the same time, the Group wrote off the remaining carrying value of Orient Lines trade name in the amount of US$8.0 million. In addition, the Group recorded an impairment loss of US$2.6 million during the six months ended 30 June 2007, being the excess of the carrying value of the Oceanic, formerly known as Independence, over its net selling price.

On 24 June 2008, the Group entered into an Intellectual Property Assignment and License whereby the Group permanently assigned its rights in respect of the trade name of Orient Lines to an independent third party for US$1.3 million. As a result of this assignment, the Group recorded a US$1.3 million reversal of the impairment loss made in 2007.

5. FINANCE COSTS

	Six months ended 30 June 2008 *US$'000* *unaudited*	2007 *US$'000* *unaudited*
Amortisation of:		
- bank loans arrangement fees	950	9,068
- issuance costs of convertible bonds and US$250 million unsecured Senior Notes	113	807
Interest on:		
- bank loans and others	12,226	87,912
- convertible bonds and US$250 million unsecured Senior Notes	2,320	18,663
Loans arrangement fees written off	—	422
Total borrowing costs incurred	15,609	116,872
Less: interest and loans arrangement fees capitalised in property, plant and equipment	—	(2,642)
Total finance costs	15,609	114,230

Notes to the Consolidated Financial Statements *(Continued)*

6. SHARE OF LOSSES OF ASSOCIATES

In May 2007, the Group completed the disposal of its 25% equity interest in Resorts World at Sentosa Pte. Ltd. ("RWS") for a total consideration of S$255 million. The Group ceased to have any interest in RWS upon the completion of the disposal.

During the six months ended 30 June 2007, the Group accounted for its share of loss from RWS of approximately US$0.9 million, being the Group's portion of RWS's results from 1 January 2007 to the date when the Group ceased to have any interest in RWS.

7. OTHER INCOME, NET

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	unaudited	*unaudited*
(Loss) / Gain on derivative instruments	(1,111)	1,699
Loss on foreign exchange	(429)	(4,418)
Loss on translation of debts	—	(20,541)
Gain on disposal of an associate, RWS (see note 6)	—	53,749
Gain on deemed disposal of a subsidiary (see note below)	71,783	—
Transaction fee income	10,000	—
Other income / (expenses), net	17	(3,519)
	80,260	26,970

Note:

The gain on deemed disposal of interest in a subsidiary of US$71.8 million during the six months ended 30 June 2008 arose from the dilution of the Group's effective interest in NCLC from 100% to 50% following the completion of the subscription for new shares by Apollo in NCLC.

8. LOSS BEFORE TAXATION

Loss before taxation is stated after charging / (crediting) the following:

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	unaudited	*unaudited*
Total depreciation and amortisation analysed into:	32,806	119,713
- relating to operating function	30,318	113,055
- relating to selling, general and administrative function	2,488	6,658
Fuel costs	32,546	105,715
Ships' charter costs	4,777	5,900
Advertising expenses	4,971	41,418
(Reversal of previously recognised impairment loss) / Impairment loss (see note 4)	(1,250)	5,165

9. TAXATION

	Six months ended 30 June 2008 *US$'000 unaudited*	2007 *US$'000 unaudited*
Overseas taxation		
- Current taxation	1,015	1,951
- Deferred taxation	112	(14)
	1,127	1,937
Under / (Over) provision in respect of prior years		
- Current taxation	29	888
- Deferred taxation	(39)	401
	1,117	3,226

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.

10. LOSS PER SHARE

Loss per share has been calculated as follows:

	Six months ended 30 June 2008 *US$'000 unaudited*	2007 *US$'000 unaudited*
BASIC		
Loss attributable to equity holders of the Company	(49,436)	(56,002)
Weighted average outstanding ordinary shares, in thousands	7,426,246	7,123,440
Basic loss per share in US cents	(0.67)	(0.79)
DILUTED		
Loss attributable to equity holders of the Company	(49,436)	(56,002)
Weighted average outstanding ordinary shares, in thousands	7,426,246	7,123,440
Effect of dilutive ordinary shares, in thousands	610	6,106
Weighted average outstanding ordinary shares after assuming dilution, in thousands	7,426,856	7,129,546
Diluted loss per share in US cents	N/A*	N/A*

* Diluted loss per share for the six months ended 30 June 2008 and 2007 are not shown as the diluted loss per share is less than the basic loss per share.

Notes to the Consolidated Financial Statements *(Continued)*

11. INTANGIBLE ASSETS

Intangible assets consist of the following items:

	Goodwill *US$'000*	Trade names *US$'000*	Total *US$'000*
unaudited			
At 1 January 2008	368,104	222,890	590,994
Deemed disposal of a subsidiary	(368,104)	(222,890)	(590,994)
At 30 June 2008	—	—	—
audited			
At 1 January 2007	368,104	230,890	598,994
Impairment loss (see note 4)	—	(8,000)	(8,000)
At 31 December 2007	368,104	222,890	590,994

12. LEASE PREPAYMENTS

	30 June 2008 *US$'000* *unaudited*	As at 31 December 2007 *US$'000* *audited*
Carrying amount at the beginning of period / year	289,554	2,259
Acquisition of a subsidiary (see note below)	—	287,270
Amortisation of prepaid operating lease for the period / year	(3,442)	(46)
Translation differences	14	71
Carrying amount at the end of period / year	286,126	289,554

Note:

The leasehold land acquired through the acquisition of a subsidiary is situated outside Hong Kong with a lease term of 25 years commencing on the date of the gazette of the land by the Government of Macau, and renewable for further terms thereafter, up to 2049. The leasehold land was gazetted in June 2008. Amortisation of the lease prepayments takes into account the period of renewal.

13. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

The Group's interest in NCLC, a jointly controlled entity, is as follows:

	30 June 2008 *US$'000* *unaudited*	As at 31 December 2007 *US$'000* *audited*
Unlisted investment in a jointly controlled entity (see note below)	813,338	—
Share of loss of a jointly controlled entity	(85,542)	—
Share of reserves of a jointly controlled entity	1,290	—
	729,086	—

Note:

Tax payment of US$94,000 made on behalf of the shareholders by NCLC during the six months ended 30 June 2008 has been recorded as a reduction in the investment in a jointly controlled entity.

Notes to the Consolidated Financial Statements *(Continued)*

14. PREPAID EXPENSES AND OTHER RECEIVABLES

	As at	
	30 June 2008	31 December 2007
	US$'000	*US$'000*
	unaudited	*audited*
Other debtors, deposits and prepayment	118,641	62,399
Amount due from a jointly controlled entity (see note below)	476,952	—
	595,593	62,399
Less: non-current portion of other receivable	(143,500)	—
Current portion	452,093	62,399

Note:

Included in the amount due from a jointly controlled entity are considerations receivable from NCLC in respect of m.v. Pride of America and m.v. Pride of Aloha of US$475.4 million under the Reimbursement and Distribution Agreement dated 17 August 2007, of which US$143.5 million is anticipated to be received after 12 months and therefore classified as non-current. The Group has received the cash payment in respect of m.v. Pride of America of US$196.9 million in July 2008.

15. TRADE RECEIVABLES

	As at	
	30 June 2008	31 December 2007
	US$'000	*US$'000*
	unaudited	*audited*
Trade receivables	22,080	23,412
Less: Provisions	(625)	(3,256)
	21,455	20,156

At 30 June 2008 and 31 December 2007, the ageing analysis of the trade receivables is as follows:

	As at	
	30 June 2008	31 December 2007
	US$'000	*US$'000*
	unaudited	*audited*
Current to 30 days	6,852	11,352
31 days to 60 days	7,425	4,458
61 days to 120 days	4,273	2,461
121 days to 180 days	667	1,266
181 days to 360 days	2,233	3,150
Over 360 days	630	725
	22,080	23,412

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

Notes to the Consolidated Financial Statements *(Continued)*

16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In April 2008, the Group entered into sale and leaseback arrangements on m.v. Norwegian Dream and m.v. Norwegian Majesty with third parties. m.v. Norwegian Majesty has been delivered to her new owner in July 2008 and leased back by the Group under the bareboat charter agreement and the delivery of m.v. Norwegian Dream to her new owner is currently scheduled in September 2008. As the carrying amount of these vessels will be recovered through the sale transaction, they have been presented as non-current assets held for sale as at 30 June 2008.

As at 30 June 2008, the Group's non-current assets classified as held for sale were also included as the security for the Group's secured term loan and revolving credit facility.

17. SHARE CAPITAL

	Authorised share capital			
	Preference shares of US$0.10 each		Ordinary shares of US$0.10 each	
	No. of shares	*US$'000*	*No. of shares*	*US$'000*
unaudited				
At 30 June 2008	10,000	1	14,999,990,000	1,499,999
audited				
At 1 January 2007	10,000	1	9,999,990,000	999,999
Addition during the period	—	—	5,000,000,000	500,000
At 31 December 2007	10,000	1	14,999,990,000	1,499,999

	Issued and fully paid ordinary shares of US$0.10 each	
	No. of shares	*US$'000*
unaudited		
At 30 June 2008	7,426,245,846	742,625
audited		
At 1 January 2007	6,784,386,135	678,439
Issue of shares pursuant to the Pre-listing and Post-listing Employee Share Option Schemes	3,951,569	395
Issue of ordinary shares to the independent third parties, net of issuance costs (note (i))	255,000,000	25,500
Issue of ordinary shares upon conversion of convertible bonds	382,908,142	38,291
At 31 December 2007	7,426,245,846	742,625

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 of approximately US$74.6 million, net of issuance costs, 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 equity interest in MLIC Group.

As at 30 June 2008, there were no unapplied proceeds from this issuance of shares.

(ii) The remaining unapplied net proceeds of US$59.6 million as at 31 December 2007 from the rights issue in December 2006 have been used to fund the construction of vessels during the six months ended 30 June 2008. As at 30 June 2008, there were no unapplied proceeds from the rights issue.

18. LONG-TERM BORROWINGS

Long-term borrowings consist of the following:

	As at 30 June 2008 *US$'000* *unaudited*	As at 31 December 2007 *US$'000* *audited*
SECURED:		
US$750 million secured term loan and revolving credit facility	556,950	402,500
€298 million secured Pride of America loans	—	278,092
US$334.1 million secured Norwegian Jewel loan	—	270,218
€308.1 million secured Pride of Hawaii loan	—	381,713
US$800 million secured loan facility	—	605,000
€624 million secured Norwegian Pearl / Gem facility	—	880,146
US$610 million revolving credit facility	—	490,000
UNSECURED:		
US$250 million unsecured Senior Notes	—	250,000
Convertible bonds (see note 19)	65,119	63,348
Others	—	13,891
Total liabilities	622,069	3,634,908
Less: Current portion	(122,619)	(312,020)
Long-term portion	499,450	3,322,888

All the outstanding balances of the long-term borrowings as at 30 June 2008 are denominated in U.S. dollars. All the outstanding balances of the long-term borrowings as at 31 December 2007 are denominated in U.S. dollars except for the outstanding balance of €864.9 million, US$1,261.9 million equivalent of the long-term borrowings are denominated in Euro.

19. 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 18) was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, being the equity component, representing the option to convert the liability component into ordinary shares of the Company, is included as a component of reserves in equity. The equity component will remain as a separate line item within equity until the conversion option is exercised (in which case the corresponding portion of the equity component will be transferred to share premium).

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

	As at 30 June 2008 *US$'000* *unaudited*	As at 31 December 2007 *US$'000* *audited*
Face value of the Bonds issued on 20 October 2003	180,000	180,000
Remaining equity component	(4,391)	(4,391)
Equity component transferred to share premium	(10,009)	(10,009)
Equity component	(14,400)	(14,400)
Liability component on initial recognition	165,600	165,600
Interest accrued as at 1 January	37,452	30,942
Interest expense for the period / year	2,320	8,382
Interest paid during the period / year	(549)	(1,872)
Conversion of the Bonds to ordinary shares	(139,704)	(139,704)
Liability component	65,119	63,348

Notes to the Consolidated Financial Statements *(Continued)*

19. CONVERTIBLE BONDS *(Continued)*

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. The fair value of the liability component of the Bonds at 30 June 2008 amounted to US$64.8 million. The fair value is calculated using cash flows discounted at a rate based on the borrowings rate of 8.4%.

During the six months ended 30 June 2008, none of the Bonds were redeemed or purchased by the Company.

20. FINANCIAL INSTRUMENTS

(i) The Group has several interest rate swaps with an aggregate notional amount of US$430.4 million (as at 30 June 2008, the outstanding notional amount was approximately US$174.7 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 2008, the estimated fair market value of the interest rate swaps was approximately US$3.6 million, which was unfavourable to the Group. This amount has been recorded within the current and 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 30 June 2008, the outstanding notional amount was approximately US$26.5 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 6 years from August 2003.

As at 30 June 2008, the estimated fair market value of these interest rate swaps was approximately US$6,000, which was unfavourable to the Group. This amount has been recorded within the 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 30 June 2008, the outstanding notional amount was approximately US$21.0 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 2008, the estimated fair market value of these forward contracts was approximately US$2.6 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 non-current portion of the derivative financial instruments in the consolidated balance sheet.

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 2008.

21. TRADE CREDITORS

The ageing of trade creditors as at 30 June 2008 and 31 December 2007 is as follows:

	As at	
	30 June 2008 *US$'000* *unaudited*	31 December 2007 *US$'000* *audited*
Current to 60 days	21,846	113,463
61 days to 120 days	851	3,584
121 days to 180 days	710	701
Over 180 days	3,583	3,666
	26,990	121,414

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

22. 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 family members of the late Tan Sri Lim Goh Tong, 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 the late 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, 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.

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.

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 profit / (loss) from WCIL amounted to US$29,000 and (US$24,000) for the six months ended 30 June 2008 and 2007, respectively. As at 30 June 2008, the Group's cumulative share of losses in WCIL has exceeded its interest in WCIL by US$147,000 and this has been recorded in accruals and other liabilities as the Group has constructive obligations towards WCIL.

Significant related party transactions entered into or subsisting between the Group and these companies during the six months ended 30 June 2008 and 2007 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 theses services for the six months ended 30 June 2008 and 2007. Amounts paid by KHD on behalf of the Group to the third party contractors were approximately US$- and US$381,000 for the six months ended 30 June 2008 and 2007, respectively.

(b) GB and its related companies provide certain services to the Group, including treasury management services, secretarial and share registration services, air ticket purchasing services, leasing of office space and other support services (such as information technology support services, travel services, other purchasing services, central reservation services and risk management services). In January 2008, GB Group ceased to provide treasury management services to the Group as the Group had taken over the treasury function from GB Group. Amounts charged to the Group in respect of these services were approximately US$1,245,000 and US$1,120,000 for the six months ended 30 June 2008 and 2007, 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 six months ended 30 June 2008 and 2007, the following transactions took place:

	Six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	unaudited	*unaudited*
Amounts charged from the GB Group to the Group	268	175
Amounts charged to the GB Group by the Group	59	68

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 to related companies. The related party transactions described above were carried out on terms, conditions and prices comparable in transactions with independent parties.

(d) In January 2007, the Group engaged VXL Financial Services Limited ("VXLFS"), a then wholly-owned subsidiary of VXL Capital, to provide financial advisory services in relation to the acquisition of Macau Land Investment Corporation ("MLIC") Group and the amount paid to VXLFS in respect of this service amounted to US$1.8 million.

Notes to the Consolidated Financial Statements *(Continued)*

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

(e) On 17 August 2007, the Group entered into a Reimbursement and Distribution Agreement with NCLC, Apollo and its affiliates which set out arrangements in relation to the business of NCL America ("NCLA"). As part of the Reimbursement and Distribution Agreement, the Group has agreed to reimburse NCLC for certain cash losses of NCLA and for certain expenses through 31 December 2008 and the reimbursement shall not exceed US$85 million in aggregate. As at 30 June 2008, the Group has provided an amount of US$65 million in respect of this reimbursement, based on the current information available to date.

(f) NCLC, a jointly controlled entity of the Company, entered into charter agreements with the Group for certain of the ships owned by the Group. Charter hire revenue received for these ships was US$7.0 million for the six months ended 30 June 2008.

(g) On 27 March 2007, the Group entered into a sale and purchase agreement with GIPLC to dispose of its 25% interest in RWS for a total consideration of S$255 million. Following approval by independent shareholders of the Company on 2 May 2007, the disposal of 25% interest in RWS was completed on 29 May 2007. As a result, the shareholders' agreement with GIPLC in relation to RWS entered into on 15 December 2006 was terminated and the Group ceased to have any interest in RWS. The Group recorded a gain of US$53.7 million on the disposal of its equity interest in RWS during the six months ended 30 June 2007.

(h) 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.

(i) On 16 November 2007, the Group, VXL Capital and a non-related party (the "parties") entered into a supplemental agreement (the "Supplemental Agreement") to supplement and amend the terms of the joint venture agreement entered on 8 December 2005 in view of the invitation for tender issued by the Government of Hong Kong SAR ("HK Government") for the development at Kai Tak, Hong Kong of a cruise terminal whereby the parties agree, inter alia, to form a new joint venture with any other third party in response to the invitation.

(j) On 16 November 2007, the Group entered into a memorandum of agreement with VXL Capital and non-related parties whereby the parties agree, inter alia, to form a joint venture for the purpose of submitting a tender for the development of a cruise terminal at Kai Tak, Hong Kong in response to the invitation issued by the HK Government and subsequently on 7 January 2008, a shareholders' agreement was entered into and supplemented on 6 March 2008. On 6 March 2008, the parties entered into another memorandum of agreement whereby they gave consent to the tender submission to the HK Government. On 9 July 2008, the HK Government announced that the tender submissions received were rejected and the project will be re-tendered by the end of this year, with funding from the HK Government on the site formation works and the public facilities, subject to the funding approval by the Legislative Council.

(k) On 19 June 2008, the Company entered into a Non-Competition Agreement with Mr. Colin Veitch, a former director of the Company, for a consideration of US$10.0 million whereby Mr. Colin Veitch agrees, inter alia, that he will not engage in businesses or employment that will compete with that of the Company in accordance with the terms of the Non-Competition Agreement for a duration of five years.

23. CAPITAL COMMITMENTS AND CONTINGENCIES

(i) Capital expenditure

Capital expenditure contracted but not provided for at the balance sheet date are as follows:

	As at 30 June 2008 *US$'000* *unaudited*	As at 31 December 2007 *US$'000* *audited*
Contracted but not provided for		
- Cruise ships and other related costs	—	2,239,609
- Property under development	26,252	—
	26,252	2,239,609

In addition to the above, in April 2008, the Company entered into a Heads of Agreement ("HOA") with Alliance Global Group, Inc. ("AGGI") to pursue the strategic and collaborative arrangements in relation to the development and operation of hotel and casino complexes in the Philippines. Pursuant to the HOA, the Group will acquire an aggregate of 50% direct and indirect interests in the share capital of Travellers International Hotel Group, Inc. ("Travellers") through a purchase of existing and new shares at a total consideration of US$335 million. In June 2008, the Company and AGGI entered into a Supplemental Deed pursuant to which both parties agreed to extend the exclusivity period under the HOA to 31 July 2008. The Company has paid US$100 million to AGGI as a refundable deposit for the extension of the exclusivity period. On 31 July 2008, the Company entered into the definitive legal agreements and has paid US$185 million with the remaining US$50 million payable upon certain post-completion events.

(ii) Material litigation and contingencies

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 2007.

In relation to the incident of an explosion in the boiler room onboard s/s Norway in May 2003, an agreement was reached with the United States Attorney's Office for the Southern District of Florida ("USAO") and on 21 May 2008 Norwegian Cruise Line Limited ("NCLL") as the owner/operator of the s/s Norway at the time of the incident, pled guilty to a violation of Title 46, United States Code, Section 2302(b), a misdemeanor, and was sentenced to pay a fine of US$1,000,000, which was paid on 27 May 2008, and restitution in the amount of US$13,750,000 which was covered by insurance and paid in prior years to those crewmembers and passengers involved in the incident. As part of the plea, a subsequent hearing on additional restitution is scheduled for 13 August 2008. NCL (Bahamas) Ltd., as operator of the former NCLL vessels, has as well, agreed to enter into a Consent Judgment with USAO and will assume legal responsibility for carrying out certain procedural and safety reviews under the auspices of an independent consultant.

24. SIGNIFICANT SUBSEQUENT EVENT

On 31 July 2008, the Company entered into a number of agreements to acquire, through its wholly-owned subsidiaries, an aggregate of 50% (direct and indirect) interests in the share capital of Travellers for a total consideration of US$335 million.

Interim Dividend

The Directors do not recommend the declaration of interim dividend in respect of the six months ended 30 June 2008.

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 2007.

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.

Six months ended 30 June 2008 ("1H 2008") compared with six months ended 30 June 2007 ("1H 2007")

Deemed disposal of interest in NCL Corporation Ltd. ("NCLC")

On 7 January 2008, the deemed disposal arising from subscription for new shares by Apollo Management, L.P. ("Apollo") and its affiliates in a then major subsidiary, NCLC, through an equity investment of US$1 billion was completed. As a result, NCLC ceased to be a subsidiary of the Company and became a jointly controlled entity of the Company and NCLC is accounted for in the Company's financial statements using equity method. During 1H 2008, the Group recognised a gain of US$71.8 million on deemed disposal of NCLC and accounted its share of loss from NCLC of approximately US$85.5 million, being the Group's portion of NCLC's results from the completion date up to 30 June 2008.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2007 includes the full consolidation of the results of NCLC and its subsidiaries ("NCLC Group") whereas the unaudited consolidated financial statements of the Group for the six months ended 30 June 2008 reflects the Group's Asia Pacific operations with the results of NCLC Group being accounted for as a jointly controlled entity. The management's discussion and analysis of the results of the Group's operations below is prepared based on the comparison of Star Cruises (excluding NCLC Group) results for both 1H 2008 and 1H 2007 for better understanding of the Group's performance. The management's discussion and analysis of NCLC Group prepared based on NCLC Group's US GAAP financial statements have been included in this section for better appreciation of NCLC Group's performance.

Management's Discussion and Analysis *(Continued)*

Star Cruises (excluding NCLC Group)

Turnover

The Group's revenue for 1H 2008 was US$204.1 million, increased by 7.1% from US$190.6 million for 1H 2007. Net revenue for 1H 2008 increased 5.2% from 1H 2007 primarily due to a 29.2% capacity increase which was partially offset by the lower net revenue yield and occupancy level of 18.6% and 5.7 percentage points, respectively. The increase in capacity in 1H 2008 was primarily due to the addition of m.v. SuperStar Aquarius which commenced operation in June 2007. The decrease in net revenue yield was a result of lower gaming hold percentage onboard the ships. The occupancy was at 78.8% in 1H 2008 compared with 84.5% in 1H 2007.

Cost and expenses

Total costs and expenses before interest and other items for 1H 2008 amounted to US$232.2 million compared with US$181.9 million for 1H 2007, an increase of US$50.3 million.

Operating expenses increased by US$41.3 million to US$153.0 million in 1H 2008 from US$111.7 million in 1H 2007. Ship operating expenses was 38.8% higher compared with 1H 2007 and the ship operating expenses per capacity day was 7.4% higher compared with 1H 2007. The increase in ship operating expenses per capacity day was mainly due to higher fuel costs and partially offset by the lower ships' charter hire fees. In 1H 2008, fuel costs increased approximately US$13.9 million compared with 1H 2007 with the average fuel price increasing approximately 51%. Fuel costs accounted for approximately 24.7% of ship operating expenses in 1H 2008 compared with 19.6% in 1H 2007. The lower ships' charter hire fees was due to the redelivery of m.v. Norwegian Crown to her new owner in November 2007 partially offset by the charter hire fees for m.v. SuperStar Gemini and m.v. Marco Polo.

Selling, general and administrative ("SG&A") expenses increased by US$18.1 million to US$47.7 million in 1H 2008 from US$29.6 million in 1H 2007. SG&A expenses per capacity day for 1H 2008 were 24.8% higher compared with 1H 2007 primarily due to the consideration of US$10 million paid to a former director of the Company in accordance with the terms of a Non-Competition Agreement.

Depreciation and amortisation expenses decreased by US$5.2 million to US$32.8 million for 1H 2008 from US$38.0 million for 1H 2007. Depreciation and amortisation expenses per capacity day in 1H 2008 decreased 33.2% compared with 1H 2007 primarily due to the cessation of depreciation for m.v. Norwegian Dream and m.v. Norwegian Majesty as well as the disposal of m.v. Marco Polo and m.v. SuperStar Gemini. m.v. Norwegian Dream and m.v. Norwegian Majesty have been classified as non-current assets held for sale after the Group entered into sale and leaseback arrangements in April 2008. m.v. Norwegian Majesty has been delivered to her new owner in July 2008 and the delivery of m.v. Norwegian Dream to her new owner is currently scheduled in September 2008.

The Group has recorded a reversal of previously recognised impairment loss of US$1.3 million in respect of the trade name of Orient Lines in 1H 2008 following its assignment to a third party. The Group had in 1H 2007 recorded a net impairment loss of US$2.6 million in respect of a ship and the trade name of Orient Lines.

Other income / (expense), net

Other expense was US$20.5 million for 1H 2008 compared to other income of US$23.5 million for 1H 2007 mainly due to the net effect of the following items:

(a) Interest expense, net of interest income decreased by US$8.8 million to US$15.2 million for 1H 2008 compared to US$24.0 million for 1H 2007 as a result of both lower average outstanding debts and interest rates.

(b) During 1H 2008, the Group recorded the transaction fee income received from a jointly controlled entity of US$10.0 million.

(c) During 1H 2008, the Group recognised a gain of US$71.8 million on deemed disposal of NCLC and recorded its share of loss of NCLC of US$85.5 million.

(d) During 1H 2007, the Group recorded a gain on disposal of an associate, Resorts World at Sentosa Pte. Ltd., of US$53.7 million.

Profit / (Loss) before taxation

Loss before taxation for 1H 2008 was US$48.6 million compared to profit before taxation of US$32.1 million for 1H 2007.

Management's Discussion and Analysis *(Continued)*

Taxation

The Group incurred a taxation expense of US$1.1 million for 1H 2008 compared with US$3.1 million for 1H 2007. The higher tax expense for 1H 2007 was primarily due to higher shipping income tax for m.v. SuperStar Libra's operations in India as a result of revised tax rate commencing April 2006. m.v. SuperStar Libra has ceased to operate in India since June 2007.

Profit / (Loss) attributable to equity holders

Net loss attributable to equity holders of the Company was US$49.4 million for 1H 2008 compared with net profit attributable to equity holders of the Company of US$29.1 million in 1H 2007.

Liquidity and capital resources

Sources and uses of funds

The majority of the Group's cash and cash equivalents are held in U.S. dollar, Singapore dollar and Hong Kong dollar. For 1H 2008, cash and cash equivalents decreased to US$83.8 million from US$149.1 million as at 31 December 2007. The decrease of US$65.3 million in cash and cash equivalents was mainly due to the net effect of the following items:

(a) The Group's business generated a net cash outflow from operations of US$29.1 million for 1H 2008 primarily due to operating losses and interest payment during 1H 2008.

(b) The Group's capital expenditure was approximately US$62.4 million in 1H 2008. Approximately US$51.4 million of the capital expenditure relates to the purchase of a residential property in Macau and the remaining was vessel refurbishments and onboard assets. During 1H 2008, the Group received a net proceed of approximately US$1.3 million from the assignment of Orient Lines trade name to a third party.

(c) During 1H 2008, the Group received a transaction fee of US$10.0 million from a jointly controlled entity.

(d) During 1H 2008, the Group paid US$100 million to Alliance Global Group, Inc. as a refundable deposit for the extension of exclusivity period in relation to the acquisition of 50% direct and indirect interests in Travellers International Hotel Group, Inc. ("Travellers").

(e) During 1H 2008, the net cash outflow arising on deemed disposal of NCLC was approximately US$40.3 million.

(f) In 1H 2008, the Group made a net drawdown of US$154.5 million under the existing bank loan facility.

Prospects

The investment in Travellers is a key strategic move made by the Group in stepping into a land-base hospitality and entertainment business. This investment in Travellers will complement the Group's existing cruises business and offer the customers more leisure variety across Asia Pacific.

With a strengthen capital structure after the deemed disposal of NCLC as well as the disposal of vessels, management will continue to source for suitable investment opportunities to further enhance shareholders' value.

NCLC Group

Net revenue for 1H 2008 increased 4.7% from 1H 2007 primarily due to an 8.0% increase in net revenue yield partially offset by a 3.1% decrease in capacity. The increase in net revenue yield in 1H 2008 was primarily the result of an increase in passenger ticket prices, onboard and other revenues and occupancy. The decrease in capacity was the result of the departure of m.v. Norwegian Wind (renamed to m.v. SuperStar Aquarius), m.v. Norwegian Crown and m.v. Marco Polo, which left the fleet upon expiration of the relevant charter agreements in April 2007, November 2007 and March 2008, respectively, as well as the re-flag of m.v. Pride of Aloha which was withdrawn from the fleet on 11 May 2008 and launched as m.v. Norwegian Sky in July 2008. This decrease in capacity was partially offset by the addition of m.v. Norwegian Gem, which entered service in October 2007.

Ship operating expenses per capacity day for 1H 2008 increased 9.5% compared with 1H 2007. This increase was mainly due to higher fuel expenses. In 1H 2008, average fuel prices, including the impact of fuel hedges, increased 58.7% to US$550 per metric ton from US$346 per metric ton for the same period in 2007. The increase in fuel expenses were partially offset by lower payroll and related expenses resulting from a reduction of crew costs related to U.S. crew employed on NCLC Group's inter-island cruises in Hawaii primarily due to the re-flagging and redeployment of m.v. Pride of Hawaii and m.v. Pride of Aloha from the Hawaii market to international fleet.

SG&A expenses per capacity day for 1H 2008 increased 14.0% compared with 1H 2007 mainly due to additional professional fees incurred in connection with management consulting projects and the timing of advertising expenditures.

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 2007.

Interests of Directors

As at 30 June 2008, 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

	Nature of interests / capacity in which such interests were held					
Name of Director	**Beneficial owner**	**Interests of spouse**	**Interests of controlled corporation**	**Founder / Beneficiary of discretionary trusts**	**Total**	**Percentage of issued ordinary shares**
			Number of ordinary shares (Notes)			
Tan Sri Lim Kok Thay	362,379,135	36,298,108 *(1)*	2,035,982,196 *(2)*	4,974,882,524 *(3 and 4)*	5,920,188,675 *(5)*	79.720
Mr. Chong Chee Tut	1,168,504	—	—	—	1,168,504	0.016
Mr. William Ng Ko Seng	752,631	—	—	—	752,631	0.010

Notes:

As at 30 June 2008:

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 2,035,982,196 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; (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; and (iii) the same block of 1,432,959,180 ordinary shares directly held by Resorts World Limited ("RWL") and the same block of 20,096,000 ordinary shares directly held by Genting Overseas Holdings Limited ("GOHL") by virtue of his interests in a chain of corporations holding RWL and GOHL (details of the percentage interests in such corporations were set out in the section headed "Interests of Substantial Shareholders" below)).
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.

Interests of Directors *(Continued)*

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

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

As at 30 June 2008, 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	14,463,065	0.195	Beneficial owner
Mr. Chong Chee Tut	2,538,334	0.034	Beneficial owner
Mr. William Ng Ko Seng	2,352,731	0.032	Beneficial owner

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 corporation of the Company

Name of associated corporation	Name of Director	Nature of interests / capacity in which such interests were held: Interests of controlled corporation	Founder / Beneficiary of discretionary trusts	Total	Percentage of issued ordinary shares
		Number of ordinary shares (Notes)			
WorldCard International Limited ("WCIL") *(1)*	Tan Sri Lim Kok Thay	500,000 *(2)*	1,000,000 *(3)*	1,000,000 *(4 and 5)*	100

Notes:

As at 30 June 2008:

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. Tan Sri Lim Kok Thay was deemed to have a corporate interest in 500,000 ordinary shares of WCIL directly held by Calidone Limited ("Calidone"), a wholly-owned subsidiary of GIPLC which was in turn a 50.44% owned subsidiary of Genting Berhad ("GB") through its wholly-owned subsidiary, namely GOHL, by virtue of his interests in a chain of corporations holding Calidone (details of the percentage interests in such corporations were set out in this note and the section headed "Interests of Substantial Shareholders" below).
3. Tan Sri Lim Kok Thay as founder and a beneficiary of two discretionary trusts had a deemed interest in 1,000,000 ordinary shares of WCIL.
4. There was no duplication in arriving at the total interest.
5. These interests represented long positions in the shares of WCIL.

Interests of Directors *(Continued)*

(D) Interests in subsidiaries of the Company

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

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

(a) as at 30 June 2008, 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 2007. 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 2008 were as follows:

(A) Pre-listing Employee Share Option Scheme

	Number of options outstanding at 01/01/2008	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 30/06/2008	Date granted	Exercise price per share	Exercisable period
Tan Sri Lim Kok Thay (Director)	1,411,493	—	(470,499)	—	940,994	24/03/1999	US$0.2524	24/03/2002 – 23/03/2009
	535,393	—	(178,466)	—	356,927	24/03/1999	US$0.3953	24/03/2002 – 23/03/2009
	519,170	—	—	—	519,170	23/10/2000	US$0.2524	23/10/2003 – 22/08/2010
	1,411,493	—	(470,499)	—	940,994	16/11/2000	US$0.2524	24/03/2002 – 23/03/2009
	535,393	—	(178,466)	—	356,927	16/11/2000	US$0.3953	24/03/2002 – 23/03/2009
	129,792	—	—	—	129,792	16/11/2000	US$0.2524	23/10/2003 – 22/08/2010
	4,542,734	**—**	**(1,297,930)**	**—**	**3,244,804**			
Mr. Chong Chee Tut (Director)	165,484	—	(55,163)	—	110,321	24/03/1999	US$0.2524	24/03/2002 – 23/03/2009
	29,202	—	(9,735)	—	19,467	24/03/1999	US$0.3953	24/03/2002 – 23/03/2009
	249,200	—	—	—	249,200	23/10/2000	US$0.2524	23/10/2003 – 22/08/2010
	10,382	—	—	—	10,382	23/10/2000	US$0.3953	23/10/2003 – 22/08/2010
	454,268	**—**	**(64,898)**	**—**	**389,370**			
Mr. William Ng Ko Seng (Director)	6,487	—	—	—	6,487	24/03/1999	US$0.2524	24/03/2002 – 23/03/2009
	38,938	—	(12,980)	—	25,958	24/03/1999	US$0.3953	24/03/2002 – 23/03/2009
	147,961	—	—	—	147,961	23/10/2000	US$0.2524	23/10/2003 – 22/08/2010
	10,382	—	—	—	10,382	23/10/2000	US$0.3953	23/10/2003 – 22/08/2010
	203,768	**—**	**(12,980)**	**—**	**190,788**			
Mr. David Colin Sinclair Veitch (Director) *(Note)*	**519,170**	**—**	**(129,793)**	**—**	**389,377**	07/01/2000	US$0.3953	07/01/2003 – 06/01/2010

Share Options *(Continued)*

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

	Number of options outstanding at 01/01/2008	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 30/06/2008	Date granted	Exercise price per share	Exercisable period
All other employees	3,743,804	—	(1,164,939)	(120,944)	2,457,921	24/03/1999	US$0.2524	24/03/2002 – 23/03/2009
	2,117,151	—	(675,146)	(206,731)	1,235,274	24/03/1999	US$0.3953	24/03/2002 – 23/03/2009
	176,493	—	(54,825)	—	121,668	30/06/1999	US$0.2524	30/06/2002 – 29/06/2009
	464,547	—	(155,780)	—	308,767	30/06/1999	US$0.3953	30/06/2002 – 29/06/2009
	753,276	—	—	(180,273)	573,003	23/10/2000	US$0.2524	23/10/2003 – 22/08/2010
	1,102,830	—	—	(124,396)	978,434	23/10/2000	US$0.3953	23/10/2003 – 22/08/2010
	8,358,101	**—**	**(2,050,690)**	**(632,344)**	**5,675,067**			
Grand Total	**14,078,041**	**—**	**(3,556,291)**	**(632,344)**	**9,889,406**			

Note: Mr. David Colin Sinclair Veitch resigned as a Director of the Company on 17 June 2008.

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 01/01/2008	Number of options granted on 27/05/2008 [2]	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 30/06/2008	Date granted	Exercise price per share	Exercisable period
Tan Sri Lim Kok Thay	3,585,521	—	—	—	—	3,585,521	19/08/2002	HK$2.8142	20/08/2004 – 19/08/2012
(Director)	632,740	—	—	—	—	632,740	23/08/2004	HK$1.6202	24/08/2006 – 23/08/2014
	—	7,000,000	—	—	—	7,000,000	27/05/2008	HK$1.7800 [3]	28/05/2009 – 27/05/2018
	4,218,261	**7,000,000**	**—**	**—**	**—**	**11,218,261**			
Mr. Chong Chee Tut	551,619	—	—	—	—	551,619	19/08/2002	HK$2.8142	20/08/2004 – 19/08/2012
(Director)	97,345	—	—	—	—	97,345	23/08/2004	HK$1.6202	24/08/2006 – 23/08/2014
	—	1,500,000	—	—	—	1,500,000	27/05/2008	HK$1.7800 [3]	28/05/2009 – 27/05/2018
	648,964	**1,500,000**	**—**	**—**	**—**	**2,148,964**			
Mr. William Ng Ko Seng	661,943	—	—	—	—	661,943	19/08/2002	HK$2.8142	20/08/2004 – 19/08/2012
(Director)	—	1,500,000	—	—	—	1,500,000	27/05/2008	HK$1.7800 [3]	28/05/2009 – 27/05/2018
	661,943	**1,500,000**	**—**	**—**	**—**	**2,161,943**			
Mr. David Colin Sinclair	2,206,475	—	—	—	—	2,206,475	19/08/2002	HK$2.8142	20/08/2004 – 19/08/2012
Veitch (Director) [1]	389,378	—	—	—	—	389,378	23/08/2004	HK$1.6202	24/08/2006 – 23/08/2014
	2,595,853	**—**	**—**	**—**	**—**	**2,595,853**			
All other employees	64,986,686	—	—	(9,128,454)	—	55,858,232	19/08/2002	HK$2.8142	20/08/2004 – 19/08/2012
	843,652	—	—	(264,336)	—	579,316	08/09/2003	HK$2.8142	09/09/2005 – 08/09/2013
	9,178,940	—	—	—	—	9,178,940	23/08/2004	HK$1.6202	24/08/2006 – 23/08/2014
	—	25,540,000	—	—	—	25,540,000	27/05/2008	HK$1.7800 [3]	28/05/2009 – 27/05/2018
	75,009,278	**25,540,000**	**—**	**(9,392,790)**	**—**	**91,156,488**			
Grand Total	**83,134,299**	**35,540,000**	**—**	**(9,392,790)**	**—**	**109,281,509**			

Share Options *(Continued)*

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

Notes:

1. Mr. David Colin Sinclair Veitch resigned as a Director of the Company on 17 June 2008.
2. The offer of share options made on 27 May 2008 is valid for acceptance during the period from 27 May 2008 to 26 August 2008.
3. The closing price per share quoted on the Stock Exchange on 26 May 2008, the trading day immediately before the date on which the options were granted was HK$1.7400.

The Group accounts for non-cash compensation expense in respect of share options issued to directors and employees based on the fair value of the employee services received in exchange for the grant of the options. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The Group recorded non-cash compensation expense of approximately US$0.3 million for the options granted and accepted in 2008. The remaining US$5.8 million of unearned compensation expense as at 30 June 2008 related to the options granted and accepted in 2008 will be amortised over the vesting period.

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

Using the extended binomial option pricing model with the following assumptions, the estimated fair value of the options granted on 27 May 2008 was US$0.17 per share:

Risk-free interest rate	2.99%
Expected option life (in years)	10
Expected volatility	52.72%
Expected dividend per share	—

Other than (i) 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 and (ii) the share options granted on 27 May 2008 under the Post-listing Employee Share Option Scheme vest in five tranches over a period of ten years from the date of offer and become exercisable annually in equal tranches of 20% of the amount granted commencing in each of the 5 years from 2009 to 2013, 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 2008, 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

	Nature of interests / capacity in which such interests were held						
Name of shareholder (Notes)	**Beneficial owner**	**Interests of spouse**	**Interests of controlled corporation**	**Trustee**	**Beneficiary of trust**	**Total**	**Percentage of issued ordinary shares**
	Number of ordinary shares (Notes)						
Parkview Management Sdn Bhd (as trustee of a discretionary trust) *(1)*	—	—	1,453,055,180 *(10)*	1,453,055,180 *(12)*	—	1,453,055,180 *(20)*	19.57
Kien Huat Realty Sdn Bhd *(2)*	—	—	1,453,055,180 *(10)*	—	—	1,453,055,180	19.57
Genting Berhad *(3)*	—	—	1,453,055,180 *(10)*	—	—	1,453,055,180	19.57
Resorts World Bhd *(4)*	—	—	1,432,959,180 *(11)*	—	—	1,432,959,180	19.30
Sierra Springs Sdn Bhd *(5)*	—	—	1,432,959,180 *(11)*	—	—	1,432,959,180	19.30
Resorts World Limited *(5)*	1,432,959,180	—	—	—	—	1,432,959,180	19.30
GZ Trust Corporation (as trustee of a discretionary trust) *(6)*	—	—	3,521,827,344 *(13)*	3,521,827,344 *(14 and 19)*	3,521,827,344 *(16)*	3,521,827,344 *(20)*	47.42
Cove Investments Limited *(7)*	—	—	—	—	3,521,827,344 *(17 and 19)*	3,521,827,344	47.42
Golden Hope Limited (as trustee of Golden Hope Unit Trust) *(8)*	—	—	—	3,521,827,344 *(15 and 19)*	—	3,521,827,344	47.42
Joondalup Limited *(9)*	546,628,908	—	—	—	—	546,628,908	7.36
Puan Sri Wong Hon Yee	—	5,920,188,675 *(18(a) and 19)*	36,298,108 *(18(b))*	—	—	5,920,188,675 *(20)*	79.72

Notes:

As at 30 June 2008:

1. Parkview Management Sdn Bhd ("Parkview") was a trustee of a discretionary trust (the "Discretionary Trust 1"), the beneficiaries of which included certain family members of the late Tan Sri Lim Goh Tong (the "Lim Family"). Tan Sri Lim Kok Thay ("Tan Sri KT Lim") controlled an aggregate of 33.33% of the equity interest in Parkview directly and indirectly.

2. Kien Huat Realty Sdn Bhd ("KHR") was 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") was a company listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Malaysia") of which KHR controlled 39.58% of its equity interest carrying voting power.

4. Resorts World Bhd ("RWB") was a company listed on the Main Board of Bursa Malaysia of which GB controlled 48.41% of its equity interest.

5. Resorts World Limited ("RWL") was a subsidiary of Sierra Springs Sdn Bhd ("Sierra Springs") and both of them were wholly-owned subsidiaries of RWB.

Interests of Substantial Shareholders *(Continued)*

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

Notes: (Continued)

As at 30 June 2008: *(Continued)*

6. GZ Trust Corporation ("GZ") was 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") was wholly-owned by GZ as trustee of the Discretionary Trust 2.

8. Golden Hope Limited ("Golden Hope") was the trustee of GHUT.

9. Joondalup Limited was wholly-owned by Tan Sri KT Lim.

10. Each of Parkview as trustee of the Discretionary Trust 1, KHR and GB had a corporate interest in 1,453,055,180 ordinary shares (comprising the same block of 1,432,959,180 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 1,432,959,180 ordinary shares held directly by RWL.

12. The interest in 1,453,055,180 ordinary shares was held by Parkview in its capacity as trustee of the Discretionary Trust 1 and it comprised the same block of 1,432,959,180 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 3,521,827,344 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 3,521,827,344 ordinary shares held directly by Golden Hope as trustee of GHUT.

15. The interest in 3,521,827,344 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 3,521,827,344 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 3,521,827,344 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 5,920,188,675 ordinary shares in which Tan Sri KT Lim had a deemed interest. These interests did 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 3,521,827,344 ordinary shares held directly by Golden Hope as trustee of GHUT, 502,528,000 ordinary shares were pledged shares.

20. There was no duplication in arriving at the total interest.

21. All these 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 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	14,463,065 *(Note)*	0.195	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 14,463,065 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 represented 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 2008, 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 one loan agreement for an aggregate principal amount of US$750 million, comprising US$500 million term loan and US$250 million revolving credit facility, with terms ranging from five to eight years from the date of this agreement. As at 30 June 2008, the outstanding loan balance was approximately US$557.0 million.

The agreement 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.

(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.

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 2008.

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 2008 (in the case of Mr. Heah Sieu Lay, from his date of appointment as a Director of the Company on 14 May 2008) to 30 June 2008 (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 2008, 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 2007 issued in February 2008.

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 four Independent Non-executive Directors of the Company, namely, Mr. Heah Sieu Lay, 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, 12 August 2008