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STAR CRUISES GROUP ANNOUNCES FOURTH QUARTER AND FULL YEAR RESULTS FOR 2006

Key points for the quarter in comparison with 4Q 2005: -

- Capacity increased by 14.5% from 2.4 million to 2.8 million capacity days
- Net revenue increased by 6.9% but net revenue yield decreased by 6.6%
- Ship operating expenses per capacity day were up by 5.5%
- Selling, general and administrative expenses ("SG&A") per capacity day increased by 14.0%
- Impairment loss was US$30.6 million, versus a reversal of previously recognised impairment loss of US$1.3 million
- Operating loss was US$72.5 million, versus an operating profit of US$12.6 million
- Non-cash foreign currency debts translation loss was US$13.8 million, versus a non-cash foreign currency debts translation gain of US$7.6 million
- Net loss was US$147.6 million compared to a net loss of US$25.7 million

Key points for the year in comparison with year 2005: -

- Capacity increased by 17.9% from 8.8 million to 10.4 million capacity days
- Net revenue increased by 15.1% but net revenue yield decreased by 2.4%
- Ship operating expenses per capacity day were up by 5.0%. Ship operating expenses excluding fuel costs per capacity day were up by 2.6%
- SG&A per capacity day decreased by 7.6%
- Impairment loss was US$30.6 million compared to US$1.4 million
- Operating profit decreased by 55.1% from US$144.5 million to US$64.9 million
- Non-cash foreign currency debts translation loss was US$35.1 million, versus a non-cash foreign currency debts translation gain of US$29.4 million
- Gain on disposal of a ship and a ship yard compensation income amounted to US$16.7 million and US$7.3 million respectively
- Net loss was US$156.2 million, versus a net profit of US$17.9 million

Star Cruises Group

Net revenue for 4Q 2006 increased 6.9% from 4Q 2005 primarily due to a 14.5% capacity increase which was partially offset by the lower net revenue yield and occupancy level of 6.6% and 3.2 percentage points, respectively. The capacity increase in 4Q 2006 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 was at 97.8% in 4Q 2006 compared with 101.0% in 4Q 2005.

The 4Q 2006 ship operating expenses per capacity day increased 5.5% compared to 4Q 2005 which largely came from the NCL Group operations. The increase in these costs was mainly due to higher payroll and related expenses related to the U.S. flag ships. Average fuel prices in 4Q 2006 decreased approximately 0.7% from 4Q 2005. Fuel costs accounted for approximately 17.3% of ship operating expenses in 4Q 2006 compared with 19.4% in 4Q 2005.

SG&A expenses per capacity day for 4Q 2006 increased 14.0% compared with 4Q 2005 mainly due to higher advertising and promotional expenses partially offset by the abovementioned capacity increase.

Depreciation and amortisation expenses per capacity day in 4Q 2006 decreased by 0.4% compared with 4Q 2005.

An impairment loss of US$30.6 million in respect of a ship and the Orient Lines trade name was recorded in 4Q 2006 following the completion of the annual impairment review. In 4Q 2005, a reversal of US$1.3 million impairment loss was recorded.

Interest expense, net of interest income and capitalised interest, increased 32.4% in 4Q 2006 compared with 4Q 2005 as a result of higher average outstanding debts and interest rates. The Group recorded a non-cash foreign currency debts translation loss of US$13.8 million in 4Q 2006 compared to a non-cash foreign currency debts translation gain of US$7.6 million in 4Q 2005.

As a result, the Group recorded a net loss of US$147.6 million in 4Q 2006 compared with a net loss of US$25.7 million in 4Q 2005.

Net revenue for the year 2006 increased 15.1% compared with the year 2005 primarily due to a 17.9% increase in capacity which was partially offset by the lower net revenue yield and occupancy level of 2.4% and 2.9 percentage points, respectively. The capacity increase in the year 2006 was mainly due to the addition of *m.v. Pride of America*, *m.v. Norwegian Jewel*, *m.v.*

Pride of Hawaii and *m.v. Norwegian Pearl* which entered service in June 2005, August 2005, May 2006 and November 2006, respectively. The Asian net revenue yield was lower largely due to the inaugural seasons of *m.v. SuperStar Libra* in India in winter and in the Eastern Mediterranean in summer. Net revenue yield for NCL Group increased by 0.7% in the year 2006 compared with the year 2005. The overall Group occupancy was at 100.9% in the year 2006 compared with 103.8% in the year 2005.

On a per capacity day basis, the ship operating expenses were 5.0% higher in the year 2006 compared with the year 2005 driven by the increased fuel costs and higher payroll and related expenses related to the U.S. flag ships. Ship operating expenses excluding fuel costs per capacity day were up by 2.6%. Average fuel prices in the year 2006 increased approximately 21.7% from the year 2005. Fuel costs accounted for approximately 18.5% of ship operating expenses in the year 2006 compared with 16.6% in the year 2005.

SG&A expenses per capacity day for the year 2006 decreased by 7.6% compared with the year 2005 primarily as a result of the abovementioned increase in capacity.

Depreciation and amortisation expenses per capacity day in the year 2006 increased by 4.0% compared with the year 2005 primarily due to the depreciation expenses of *m.v. Pride of America*, *m.v. Norwegian Jewel*, *m.v. Pride of Hawaii* and *m.v. Norwegian Pearl.*

An impairment loss of US$30.6 million in respect of a ship and the Orient Lines trade name was recorded in the year 2006 versus an impairment loss of US$1.4 million in the year 2005.

Interest expense, net of interest income and capitalised interest, increased 31.8% in the year 2006 compared with the year 2005 as a result of higher average outstanding debts and interest rates. The Group recorded a non-cash foreign currency debts translation loss of US$35.1 million in the year 2006 compared to a non-cash foreign currency debts translation gain of US$29.4 million in the year 2005 as a result of a strengthening Euro against the USD in the year 2006.

In the year 2006, the Group recorded a gain from the disposal of *m.v. Norwegian Crown* of US$16.7 million, a ship yard compensation income of US$7.3 million and a write down of non-cruise investment in a low cost carrier of US$10.3 million.

Accordingly, the Group recorded a net loss of US$156.2 million for the year 2006 compared with a net profit of US$17.9 million in the year 2005.

On 8 December 2006, the joint venture between Star Cruises and Genting International PLC ("GIPLC") was awarded the right to build an integrated resort in the Sentosa Island to be named Resorts World at Sentosa. Star Cruises has 25% shareholding in Resorts World at Sentosa and the remaining commitment toward this project is approximately US$181 million.

In January 2007, Star Cruises announced a joint venture with GIPLC to purchase a 75% interest in a company that has been granted a lease over a piece of land in downtown Macau with a proposal to develop and build a hotel that will house, among other facilities, a casino on that piece of land. The proposal is subject to approval from the relevant authorities. Star Cruises has 75% shareholding in the joint venture company and the remaining commitment toward this project is approximately US$314 million.

Both agreements contain provisions which, under certain circumstances, permit one party to acquire the interest of the other.

Star Cruises (excluding NCL Group)

The 4Q 2006 capacity was 2.4% higher compared with 4Q 2005. Net revenue remained relatively flat and net revenue yield decreased by 2.4%. Occupancy level was at 87.5% for 4Q 2006 versus 87.1% in 4Q 2005.

Ship operating expenses per capacity day in 4Q 2006 increased 0.9% compared with 4Q 2005. This increase was mainly due to the charter fee paid for *m.v. Norwegian Crown* in 4Q 2006, partially offset by the lower fuel costs in 4Q 2006. Average fuel prices decreased approximately 4.4% in 4Q 2006 compared with 4Q 2005.

SG&A expenses per capacity day increased 19.6% compared with 4Q 2005 as a result of higher advertising and promotional costs during the quarter.

For the year 2006, capacity was 22.5% higher compared with the year 2005 because of the addition of *m.v. SuperStar Libra* which commenced operation in September 2005. Net revenue was 4.4% higher as a result of the higher capacity which was partially offset by a 13.8% lower net revenue yield. The lower net revenue yield in the year 2006 was mainly a result of the lower than average occupancy of *m.v. SuperStar Libra* in both her first inaugural seasons in India and the Eastern Mediterranean. Occupancy level in the year 2006 was down to 83.6% from 93.5% in the year 2005.

Ship operating expenses per capacity day for the year 2006 decreased 6.0% compared with the year 2005. This decrease was mainly due to the on-going cost saving initiatives, the start up expenses of *m.v. SuperStar Libra* as well as the lay up expenses of *s/s Norway* in the year 2005. Partially offsetting these were the charter fee paid for *m.v. Norwegian Crown* and higher fuel costs in the year 2006. Average fuel prices increased approximately 21.0% in the year 2006 compared with the year 2005.

SG&A expenses per capacity day decreased 10.0% compared with the year 2005 as a result of the abovementioned increase in capacity.

NCL Group

During 2Q 2006, NCL Group, reporting under US GAAP, changed its method of accounting for dry-docking costs from the deferral method under which it amortised its deferred dry-docking costs over the estimated period of benefit between dry-docks, to the direct expense method, under which it is required to expense all dry-docking costs as incurred. These costs are classified as other operating expenses consistent with the method of expensing repairs and maintenance costs. Under HK GAAP, the dry-docking costs are included as a separate component of the ship costs to be amortised to the subsequent dry-docking generally every 2 to 3 years in the depreciation and amortisation.

The below commentary is prepared based on NCL Group's US GAAP financial statements.

Net revenue for 4Q 2006 increased 9.2% primarily attributable to a 17.6% increase in capacity partially offset by a 7.2% decrease in net revenue yield. Driving the decrease in net revenue yield was downward pricing pressure in Hawaii, lower onboard revenues across NCL Group's fleet, mainly due to the default of NCL Group's art concessionaire and lower occupancy levels. Occupancy was at 100.1% for 4Q 2006 versus 104.6% in 4Q 2005.

In 4Q 2006, ship operating expenses per capacity day increased 0.3% compared with 4Q 2005. This increase was primarily due to an increase in the payroll and related costs, partially offset by lower dry-docking and fuel costs. The increase in payroll and related expenses is attributable to higher crew costs associated with U.S. crew in the inter-island Hawaii cruises which represented 26.6% of NCL Group fleet capacity during 4Q 2006 compared to 19.6% in 4Q 2005.

SG&A expenses per capacity day increased 14.6% compared with 4Q 2005 primarily attributable to 4Q 2006 launch of a comprehensive national branding campaign including new television commercials and print ads.

For the year 2006, net revenue was 17.7% higher on a 16.9% capacity increase and a 0.7% increase in net revenue yield. The increase in capacity days was primarily due to the additions of *m.v. Pride of America*, *m.v. Norwegian Jewel*, *m.v. Pride of Hawaii* and *m.v. Norwegian Pearl* which entered service in June 2005, August 2005, May 2006 and November 2006, respectively, partially offset by the return of *m.v. Norwegian Sea* (renamed to *m.v. SuperStar Libra*) to Star Cruises in August 2005. The increase in net revenue yield was primarily due to a slight increase in onboard and other revenues while passenger ticket prices remained relatively unchanged.

Ship operating expenses per capacity day for the year 2006 increased 5.1% compared with the year 2005. This increase was primarily due to higher payroll and related expenses and increased fuel costs. Partially offsetting these increases were decreases in charter expenses and lower dry-docking costs.

SG&A expenses per capacity day decreased 5.3% compared with the year 2005 as a result of a decrease in advertising and promotion expense and the abovementioned increased capacity.

Since the start of what has been characterised as the industry's "wave period", NCL Group has seen a strong response to its new marketing campaign and an improvement in the pace of bookings following weak bookings during the fourth quarter of 2006. On a capacity adjusted basis, NCL Group is significantly ahead of last year in terms of volumes booked for 2007 during wave period. Demand for NCL Group's summer programmes continues to be solid, particularly its European deployment, and demand in the Caribbean has shown modest improvement from the weak fourth quarter of 2006. As a result, NCL Group has been selectively increasing prices on certain sailings and itineraries since the start of wave. Because of a large year over year increase in capacity in its inter-island Hawaii cruises and substantially increased competitive capacity on other Hawaii itineraries, NCL Group continues to experience strong downward pricing pressures in this trade. It is clear that the addition of capacity – both NCL's and their foreign flag competitors – has outstripped demand in the short term, and NCL Group is not achieving the pricing needed to support its higher U.S. flag operating costs. Based upon these circumstances in Hawaii and a weaker Caribbean than last year, more notably on NCL Group's older ships, NCL Group expects net revenue yield to be negative for the first half of 2007 compared to the first half of 2006.

Terminology

- *Net revenue yield represents total revenues less commissions, transportation and other expenses and onboard and other expenses per Capacity Day.*
- *Ship operating expenses represent operating expenses excluding commissions, transportation and other expenses and onboard and other expenses.*
- *Capacity Days represent double occupancy per cabin multiplied by the number of cruise days for the period.*
- *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.*

ABOUT STAR CRUISES GROUP

Star Cruises, the third largest cruise operator in the world is a global cruise brand with a combined fleet of 21 ships with about 32,300 lower berths in service with an additional 3 ships and some 10,800 lower berths due to be delivered by 2010, cruising to destinations and islands in Asia-Pacific, North and South America, Hawaii, Caribbean, Alaska, Europe, Mediterranean, Bermuda and the Antarctica under the Star Cruises, Norwegian Cruise Line, NCL America, Orient Lines and Cruise Ferries brands.

Star Cruises is represented in more than 25 locations worldwide with offices and representatives in Australia, China, Germany, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Sweden, Taiwan, Thailand, United Arab Emirates, United Kingdom and the United States of America.

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Forward-looking statements

This press release contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of Star Cruises Limited (the "Company") about the industry and markets in which the Company and its subsidiaries (the "Group") operate. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Group, are difficult to predict and could cause actual 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 and business conditions, changes in cruise industry competition, weather and other factors. Reliance should not be placed on these forward-looking statements, which reflect the view of the Company's directors and management as of the date of this press release only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the release.

CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTHS AND THE YEAR ENDED 31 DECEMBER 2006
PREPARED IN ACCORDANCE WITH HK GAAP

	Three months ended 31 December		Year ended 31 December	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
	unaudited	unaudited	audited	audited
Turnover	547,103	515,487	2,343,055	1,967,353
Operating expenses (excluding depreciation, amortisation and impairment loss)	(440,387)	(384,130)	(1,728,466)	(1,367,145)
Selling, general and administrative expenses (excluding depreciation)	(91,622)	(70,164)	(303,211)	(278,249)
Depreciation and amortisation	(56,974)	(49,919)	(215,926)	(176,022)
Reversal of previously recognised impairment loss / (Impairment loss)	(30,600)	1,300	(30,600)	(1,400)
	(619,583)	(502,913)	(2,278,203)	(1,822,816)
Operating profit / (loss)	(72,480)	12,574	64,852	144,537
Interest income	1,459	1,785	6,670	8,484
Financial costs	(62,616)	(47,986)	(200,944)	(155,930)
Share of losses of associates	656	-	(82)	(5,219)
Other non-operating income / (expenses), net	(14,008)	8,052	(26,556)	28,675
	(74,509)	(38,149)	(220,912)	(123,990)
Profit / (Loss) before taxation	(146,989)	(25,575)	(156,060)	20,547
Taxation	(574)	(132)	(136)	(2,641)
Profit / (Loss) for the period / year	(147,563)	(25,707)	(156,196)	17,906
Earnings / (Loss) per share in US cents:				
- Basic	(2.58)	(0.46)	(2.76)	0.32
- Diluted	(2.58)	N/A (note 1)	N/A (note 1)	0.32
Weighted average outstanding ordinary shares after adjusting the effects of rights issue, in thousands	5,711,154	5,646,164	5,662,860	5,642,809
Weighted average outstanding ordinary shares after assuming dilution and after adjusting the effects of rights issue, in thousands	5,711,154	5,648,542	5,663,367	5,646,247
Unaudited operating data				
Passenger Cruise Days	2,727,579	2,459,938	10,498,677	9,157,516
Capacity Days	2,790,013	2,436,000	10,403,738	8,823,133
Occupancy as a percentage of total capacity days	98%	101%	101%	104%

Notes:

(1) Diluted loss per share for the three months ended 31 December 2005 and the year ended 31 December 2006 are not shown as the diluted loss per share is less than the basic loss per share.

(2) Certain comparative figures have been reclassified to conform to the current period's / year's presentation.