STAR CRUISES

STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT
RESULTS FOR THE THREE MONTHS AND THE YEAR ENDED 31 DECEMBER 2006

The Directors of Star Cruises Limited ("Company") announce the unaudited consolidated results and the audited consolidated results of the Company and its subsidiary companies ("Group") for the three months and the year ended 31 December 2006, together with the comparative figures for the previous period / year as follows:

	Note	**Three months ended 31 December**		**Year ended 31 December**	
		2006	**2005**	**2006**	**2005**
		US$'000	*US$'000*	*US$'000*	*US$'000*
		unaudited	*unaudited*	*audited*	*audited*
Turnover	2	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)

	Note	Three months ended 31 December		Year ended 31 December	
		2006	**2005**	**2006**	**2005**
		US$'000	*US$'000*	*US$'000*	*US$'000*
		unaudited	*unaudited*	*audited*	*audited*
Operating profit / (loss)	2	(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	3	(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	4	(574)	(132)	(136)	(2,641)
Profit / (Loss) for the period / year		(147,563)	(25,707)	(156,196)	17,906
Basic earnings / (loss) per share (US cents)	5	(2.58)	(0.46)	(2.76)	0.32
Diluted earnings / (loss) per share (US cents)	5	(2.58)	N/A*	N/A*	0.32
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%

* 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.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2006 US$'000 audited	(Restated) 31 December 2005 US$'000 audited
ASSETS			
NON-CURRENT ASSETS			
Intangible assets		598,994	605,994
Deferred tax assets		573	359
Property, plant and equipment		4,863,047	4,362,918
Lease prepayments		2,259	1,739
Investments in associates		5,860	—
Available-for-sale investment		—	10,285
Restricted cash		1,650	150
Other assets		68,284	84,770
		5,540,667	5,066,215
CURRENT ASSETS			
Consumable inventories		38,451	33,630
Trade receivables	6	21,408	22,810
Prepaid expenses and others		68,997	47,959
Derivative financial instruments		—	4,533
Amounts due from related companies		99	—
Restricted cash		1,226	48,034
Cash and cash equivalents		468,827	187,698
		599,008	344,664
TOTAL ASSETS		6,139,675	5,410,879
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		678,439	530,018
Reserves:			
Share premium		1,324,829	1,269,089
Additional paid-in capital		94,513	93,893
Convertible bonds - equity component		14,400	14,400
Foreign currency translation adjustments		(22,522)	(24,052)
Unamortised share option expense		(818)	(1,087)
Cash flow hedge reserve		(1,598)	5,368
Retained earnings / (Accumulated losses)		(143,944)	12,252
		1,943,299	1,899,881

CONSOLIDATED BALANCE SHEET *(CONTINUED)*

		As at	
			(Restated)
	Note	**31 December 2006** *US$'000 audited*	**31 December 2005** *US$'000 audited*
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowings		3,184,399	2,671,129
Derivative financial instruments		1,729	7,240
Other long-term liabilities		1,744	2,631
Deferred tax liabilities		295	574
		3,188,167	2,681,574
CURRENT LIABILITIES			
Trade creditors	7	139,274	90,815
Current income tax liabilities		1,069	1,647
Provisions, accruals and other liabilities		324,135	189,998
Current portion of long-term borrowings		218,804	256,442
Derivative financial instruments		2,985	354
Amounts due to related companies		—	118
Advance ticket sales		321,942	290,050
		1,008,209	829,424
TOTAL LIABILITIES		4,196,376	3,510,998
TOTAL EQUITY AND LIABILITIES		6,139,675	5,410,879
NET CURRENT LIABILITIES		409,201	484,760
TOTAL ASSETS LESS CURRENT LIABILITIES		5,131,466	4,581,455

NOTES TO THE ACCOUNTS

1. Principal Accounting Policies and Basis of Presentation

The consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The preparation of consolidated financial statements in conformity with HKFRS 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 consolidated financial statements are prepared under the historical cost convention, as modified by the revaluations of available-for-sale financial assets and certain financial assets and financial liabilities (including derivative instruments) which are carried at fair value.

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

During the year ended 31 December 2006, the Group changed its accounting policy for technical spare parts whereby the technical spare parts are now classified as property, plant and equipment and depreciated over the remaining useful lives of the related vessels. The technical spare parts were previously included within consumable inventories and other assets.

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

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

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

2. Turnover and Operating Profit / (Loss)

The Group is principally engaged in the operation of passenger cruise ships. Cruise and cruise related revenues comprise sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from onboard services and other related services, including gaming, food and beverage. Cruise and cruise related revenues consist of passenger ticket revenue of approximately US$354.7 million and US$336.2 million for the three months ended 31 December 2006 and 2005, respectively and approximately US$1,549.4 million and US$1,285.5 million for the years ended 31 December 2006 and 2005, respectively. The remaining portion relates to revenues from onboard and other related services.

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

	TURNOVER			
	Three months ended 31 December		**Year ended 31 December**	
	2006	**2005**	**2006**	**2005**
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*audited*	*audited*
Asia Pacific	107,892	107,640	399,528	365,542
North America[1]	402,901	378,716	1,719,492	1,464,919
Europe and others	36,310	29,131	224,035	136,892
	547,103	515,487	2,343,055	1,967,353

	OPERATING PROFIT / (LOSS)			
	Three months ended 31 December		**Year ended 31 December**	
	2006	**2005**	**2006**	**2005**
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*audited*	*audited*
Asia Pacific				
Operating profit	18,015	23,512	72,646	79,585
Reversal of previously recognised impairment loss / (Impairment loss)[2]	—	1,300	—	(1,400)
	18,015	24,812	72,646	78,185
North America[1]				
Operating profit / (loss)	(51,469)	(10,959)	30,026	60,176
Impairment loss[2]	(30,600)	—	(30,600)	—
	(82,069)	(10,959)	(574)	60,176
Europe and others	(8,426)	(1,279)	(7,220)	6,176
	(72,480)	12,574	64,852	144,537

Notes:

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

2. An impairment loss of US$30.6 million in respect of a ship and the Orient Lines trade name was recorded in the three months and the year ended 31 December 2006 following the completion of the annual impairment review. During the three months and the year ended 31 December 2005, a reversal of impairment loss of US$1.3 million and an impairment loss of US$1.4 million, respectively, were recorded.

3. **Other Non-operating Income / (Expenses), Net**

	Three months ended 31 December		Year ended 31 December	
	2006	**2005**	**2006**	**2005**
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*audited*	*audited*
Gain / (Loss) on disposal of property, plant and equipment	(1)	(445)	16,707	(559)
Gain / (Loss) on derivative instruments and foreign exchange	(1,375)	1,542	(5,644)	3,006
Gain / (Loss) on translation of debts	(13,784)	7,575	(35,122)	29,418
Impairment of non-cruise related investment	—	—	(10,285)	—
Shipyard compensation income (see note (i) below)	—	—	7,283	—
Gain on disposal of a subsidiary (see note (ii) below)	1,337	—	1,337	—
Other non-operating expenses, net	(185)	(620)	(832)	(3,190)
	(14,008)	8,052	(26,556)	28,675

Notes:

(i) In September 2006, NCL Corporation Ltd. ("NCLC") entered into a €29 million or US$36.8 million, based on the Euro/U.S. dollar exchange rate at 30 September 2006, settlement agreement in connection with NCLC's pre and post-ship delivery claims against the builder of m.v. Pride of America. Settlement amounts of approximately US$7.3 million was related to the claims for post-delivery costs incurred by NCLC.

(ii) In December 2006, the Group disposed of a subsidiary, Laem Chabang Cruise Centre Co., Ltd. for a cash consideration of approximately US$14.3 million, net of cash and bank balances, and realised a gain on disposal of US$1.3 million.

4. **Taxation**

	Three months ended 31 December		Year ended 31 December	
	2006	**2005**	**2006**	**2005**
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*audited*	*audited*
Overseas taxation				
- Current taxation	848	195	1,816	2,782
- Deferred taxation	(199)	(109)	(423)	(109)
	649	86	1,393	2,673
Under / (Over) provision in respect of prior years				
- Current taxation	(75)	46	(1,200)	(189)
- Deferred taxation	—	—	(57)	157
	574	132	136	2,641

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.

5. **Earnings / (Loss) per share**

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

	Three months ended 31 December		**Year ended 31 December**	
	2006	**2005**	**2006**	**2005**
	US$'000	*US$'000*	*US$'000*	*US$'000*
	unaudited	*unaudited*	*audited*	*audited*
BASIC				
Profit / (Loss) for the period / year	(147,563)	(25,707)	(156,196)	17,906
Weighted average outstanding ordinary shares after adjusting for the effects of rights issue, in thousands	5,711,154	5,646,164	5,662,860	5,642,809
Basic earnings / (loss) per share in US cents	(2.58)	(0.46)	(2.76)	0.32
DILUTED				
Profit / (Loss) for the period / year	(147,563)	(25,707)	(156,196)	17,906
Weighted average outstanding ordinary shares after adjusting for the effects of rights issue, in thousands	5,711,154	5,646,164	5,662,860	5,642,809
Effect of dilutive ordinary shares in thousands	—	2,378	507	3,438
Weighted average outstanding ordinary shares after assuming dilution and after adjusting for the effects of rights issue, in thousands	5,711,154	5,648,542	5,663,367	5,646,247
Diluted earnings / (loss) per share in US cents	(2.58)	N/A*	N/A*	0.32

* 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.

6. **Trade Receivables**

	As at 31 December	
	2006	**2005**
	US$'000	*US$'000*
	audited	*audited*
Trade receivables	24,571	25,104
Less: Provisions	(3,163)	(2,294)
	21,408	22,810

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

	As at 31 December	
	2006	**2005**
	US$'000	*US$'000*
	audited	*audited*
Current to 30 days	16,124	16,208
31 days to 60 days	1,961	2,251
61 days to 120 days	2,459	2,570
121 days to 180 days	1,759	2,098
181 days to 360 days	2,125	1,970
Over 360 days	143	7
	24,571	25,104

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

7. **Trade Creditors**

The ageing of trade creditors as at 31 December 2006 and 2005 is as follows:

	As at 31 December	
	2006	**2005**
	US$'000	*US$'000*
	audited	*audited*
Current to 60 days	137,275	82,033
61 days to 120 days	1,037	8,369
121 days to 180 days	144	92
Over 180 days	818	321
	139,274	90,815

FINAL DIVIDEND

The Directors do not recommend the declaration of any final dividend in respect of the year ended 31 December 2006 (2005: Nil).

BUSINESS REVIEW

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.

Prospects

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.

In Asia Pacific, m.v. SuperStar Aquarius will make her debut in Hong Kong in June 2007 where she will commence daily international water cruises as well as offering a series of destination cruises to China. Currently, she is sailing as m.v. Norwegian Wind under the NCL brand.

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.*

SIGNIFICANT SUBSEQUENT EVENTS

(a) On 22 January 2007, the Company announced:

(i) the issuance of 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 price, net of issuance costs, of approximately US$75 million, to the independent third parties. In addition, these independent third parties have also been granted non-transferable options at a premium of HK$0.28 (US$0.04) per option share to subscribe for 255 million ordinary shares. Each option is exercisable once at an exercise price of HK$3.00 (US$0.39) per share at any time from the date of completion of the subscription of 255 million new ordinary shares to the second anniversary of date of the share option agreements;

(ii) the acquisition by the JV (as defined below) of a 75% interest in Macau Land Investment Corporation ("MLIC") ("the Acquisition"). An indirect wholly-owned subsidiary of MLIC has been granted by the Government of Macau with a lease over a piece of land in Macau ("the Land") (subject to such grant of lease being published in the Gazette of Macau). The Group has also, on the same date, announced the signing of a shareholders' agreement with Genting International P.L.C. ("GIPLC"), a related company, in relation to the management and operation of the newly formed joint venture company ("JV"), New Orisol Investments Limited. The JV is owned as to 75% by the Group and 25% by GIPLC. The purpose of the JV is to carry out the Acquisition and to develop and build on the Land a hotel that will house, *inter alia*, a casino which will be subject to receiving the relevant authorisation from the Government of Macau. The joint venture arrangement with GIPLC and the performance by the Company of its obligations under the shareholders' agreement constitute a discloseable and connected transaction of the Company under the Listing Rules which is subject to independent shareholders' approval requirements as set out under the Listing Rules. As announced on 13 February 2007, the Company is reviewing the structure in relation to its investment in MLIC; and

(iii) the signing of a services agreement with Sociedade de Jogos de Macau., S.A., ("SJM"), a holder of a gaming concession granted by the Government of Macau whereby the Group will cause its subsidiary ("the Service Provider") to provide certain areas for a casino in the hotel to be built on the Land and provide services to the casino which will be operated by SJM, conditional upon approval by the Government of Macau. SJM will pay the Service Provider a monthly fee for usage of the location for the casino and the provision of the services.

(b) As at the date of this announcement, approximately US$50.9 million of the US$180 million 2% Convertible Bonds due 2008 have been converted into ordinary shares 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 year ended 31 December 2006, save for the issuance of new ordinary shares of US$0.10 each by the Company as follows:

(a) the issuance of 1,484,084,467 shares of US$0.10 each at the subscription price of HK$1.08 (US$0.1388) per share, with an aggregate price, net of issuance costs, of approximately US$204.1 million pursuant to the rights issue completed in December 2006; and

(b) the issuance of 124,421 new ordinary shares of US$0.10 each at an aggregate price of US$33,419 pursuant to the exercise of options granted under The 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 of Hong Kong Limited.

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 year ended 31 December 2006, save for the deviations from certain code provisions listed below:

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

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

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

Considered reasons for the deviation from Code Provision A.2.1 and appropriate measures taken by the Company during the first half year of 2006 to ensure proper compliance with Code Provisions A.4.1 and A.4.2 as well as further information of the Company's corporate governance practices will be set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2006, which will be available for publication as soon as practicable.

REVIEW BY AUDIT COMMITTEE

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

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises four Executive Directors, namely Tan Sri Lim Kok Thay, Mr. Chong Chee Tut, Mr. William Ng Ko Seng and Mr. David Colin Sinclair Veitch and three Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Tan Boon Seng and Mr. Lim Lay Leng.

On behalf of the Board
TAN SRI LIM KOK THAY
Chairman, President and Chief Executive Officer

Hong Kong, 22 February 2007

Forward-looking statements

This announcement 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 the Company about the industry and markets in which the Group operates. 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 announcement only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the release of this announcement.