



STAR CRUISES LIMITED

(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2007

The Directors of Star Cruises Limited (“Company”) announce the unaudited consolidated results of the Company and its subsidiary companies (“Group”) for the three months ended 31 March 2007, together with the comparative figures for the previous period as follows:

	<i>Note</i>	Three months ended 31 March	
		2007	2006
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>unaudited</i>	<i>unaudited</i>
Turnover	2	564,881	513,640
Operating expenses (excluding depreciation and amortisation)		(436,031)	(376,785)
Selling, general and administrative expenses (excluding depreciation)		(80,459)	(70,486)
Depreciation and amortisation		<u>(58,504)</u>	<u>(51,254)</u>
Operating profit / (loss)	2	<u>(574,994)</u>	<u>(498,525)</u>
Interest income		1,433	1,755
Financial costs		(55,876)	(46,363)
Share of loss of an associate		(229)	(654)
Other non-operating expenses, net	3	<u>(12,740)</u>	<u>(5,448)</u>
Loss before taxation		<u>(67,412)</u>	<u>(50,710)</u>
Taxation	4	(77,525)	(35,595)
		<u>(1,866)</u>	<u>542</u>
Loss for the period		<u>(79,391)</u>	<u>(35,053)</u>
Attributable to equity holders of the Company		<u>(79,391)</u>	<u>(35,053)</u>

	<i>Note</i>	Three months ended 31 March	
		2007	2006
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>unaudited</i>	<i>unaudited</i>
Basic loss per share (US cents)	5	(1.13)	(0.62) (note 2)
Diluted earnings per share (US cents)	5	N/A (note 1)	N/A (note 1)
<u>Operating data</u>			
Passenger Cruise Days		2,794,561	2,381,418
Capacity Days		2,819,372	2,399,781
Occupancy as a percentage of total capacity days		99%	99%

Notes:

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

CONSOLIDATED BALANCE SHEET

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

CONSOLIDATED BALANCE SHEET (CONTINUED)

	As at	
<i>Note</i>	31 March 2007	31 December 2006
	<i>US\$'000</i> <i>unaudited</i>	<i>US\$'000</i> <i>audited</i>
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	720,475	678,439
Reserves:		
Share premium	1,429,828	1,324,829
Additional paid-in capital	94,513	94,513
Convertible bonds - equity component	10,128	14,400
Foreign currency translation adjustments	(22,502)	(22,522)
Unamortised share option expense	(689)	(818)
Cash flow hedge reserve	589	(1,598)
Accumulated losses	<u>(223,335)</u>	<u>(143,944)</u>
	2,009,007	1,943,299
Minority interest	<u>66,860</u>	<u>—</u>
TOTAL EQUITY	<u>2,075,867</u>	<u>1,943,299</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at	
	<i>Note</i>	31 March 2007	31 December 2006
		<i>US\$'000 unaudited</i>	<i>US\$'000 audited</i>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term borrowings		3,154,194	3,184,399
Derivative financial instruments		1,963	1,729
Other long-term liabilities		2,989	1,744
Deferred tax liabilities		<u>541</u>	<u>295</u>
		<u>3,159,687</u>	<u>3,188,167</u>
CURRENT LIABILITIES			
Trade creditors	7	88,872	139,274
Current income tax liabilities		963	1,069
Provisions, accruals and other liabilities		243,817	324,135
Current portion of long-term borrowings		217,805	218,804
Derivative financial instruments		1,516	2,985
Amounts due to related companies		79	—
Advance ticket sales		<u>371,907</u>	<u>321,942</u>
		<u>924,959</u>	<u>1,008,209</u>
TOTAL LIABILITIES		<u>4,084,646</u>	<u>4,196,376</u>
TOTAL EQUITY AND LIABILITIES		<u>6,160,513</u>	<u>6,139,675</u>
NET CURRENT LIABILITIES		<u>673,047</u>	<u>409,201</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,235,554</u>	<u>5,131,466</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. **Principal Accounting Policies and Basis of Presentation**

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

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

The Group’s operations are seasonal and results for interim periods are not necessarily indicative of the results for the entire financial year. These unaudited consolidated financial statements should be read where relevant, in conjunction with the annual report of the Group for the year ended 31 December 2006.

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

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

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

2. **Turnover and Operating Profit / (Loss)**

The Group is principally engaged in the operation of passenger cruise ships. Cruise and cruise related revenues comprise sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from onboard services and other related services, including gaming, food and beverage. Cruise and cruise related revenues consist of passenger ticket revenue of approximately US\$374.2 million and US\$332.5 million for the three months ended 31 March 2007 and 2006, respectively. The remaining portion relates to revenues from onboard and other related services.

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

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

Note:

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

3. **Other Non-operating Expenses, net**

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

4. **Taxation**

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

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

5. Loss per share

Loss per share has been calculated as follows:

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

Notes:

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

6. Trade Receivables

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

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

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

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

7. Trade Creditors

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

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

INTERIM DIVIDEND

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

BUSINESS REVIEW

Key points for the quarter in comparison with 1Q 2006: -

- Capacity increased by 17.5% from 2.4 million to 2.8 million capacity days
- Net revenue increased by 9.8% but net revenue yield decreased by 6.5%
- Ship operating expenses per capacity day were up by 1.1%
- Selling, general and administrative expenses (“SG&A”) per capacity day decreased by 2.8%
- Operating loss was US\$10.1 million versus an operating profit of US\$15.1 million
- Non-cash foreign currency debts translation loss was US\$9.3 million versus a translation loss of US\$4.7 million
- Net loss was US\$79.4 million compared to a net loss of US\$35.1 million

Star Cruises Group

Net revenue for 1Q 2007 increased 9.8% from 1Q 2006 primarily due to a 17.5% capacity increase which was partially offset by a 6.5% decrease in net revenue yield. The capacity increase in 1Q 2007 was mainly due to the addition of m.v. Pride of Hawaii and m.v. Norwegian Pearl, which entered service in May 2006 and November 2006, respectively. The overall Group occupancy remained relatively unchanged at 99%, for both quarters. The decrease in net revenue yield was primarily due to the downward pricing pressure on NCL Group’s inter-island cruises in Hawaii as well as lower onboard revenue in the Star Cruises Asia fleet.

The 1Q 2007 ship operating expenses per capacity day increased 1.1% compared to 1Q 2006 primarily due to the charter hire fee for m.v. Norwegian Crown paid to the third party who purchased the vessel in September 2006 and chartered it back to Star Cruises until the delivery date in November 2007. In 1Q 2007, average fuel prices, including the impact of fuel hedges, decreased approximately 4.1% from 1Q 2006. Fuel costs accounted for approximately 18.3% of ship operating expenses in 1Q 2007 compared with 19.4% in 1Q 2006.

SG&A expenses per capacity day for 1Q 2007 decreased 2.8% compared to 1Q 2006 as a result of economies of scale achieved from the capacity increase.

In May 2007, the independent shareholders of the Company approved the divestment of its 25% indirect interest in Resorts World at Sentosa Pte. Ltd. (“RWS”) for a total consideration of S\$255 million. The completion of this disposal is subject to, inter alia, the approval of the independent shareholders of Genting International P.L.C. (“GIPLC”).

STAR CRUISES (EXCLUDING NCL GROUP)

The 1Q 2007 capacity was 4.7% lower compared with 1Q 2006. Net revenue and net revenue yield decreased by 15.7% and 13.0%, respectively. This was the result of a lower gaming hold percentage onboard Star Cruises’ ships. Occupancy levels remained relatively unchanged, at 76% for both quarters.

Ship operating expenses per capacity day in 1Q 2007 increased 5.9% compared with 1Q 2006. This increase was mainly due to the charter fee paid for m.v. Norwegian Crown. Average fuel prices decreased approximately 6.3% in 1Q 2007 compared with 1Q 2006.

SG&A expenses per capacity day increased 23.1% compared with 1Q 2006 mainly as a result of higher advertising and promotional costs as well as higher shoreside costs in China.

NCL GROUP

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

Net revenue for 1Q 2007 increased 16.9% primarily attributable to a 23.4% increase in capacity partially offset by a 5.3% decrease in net revenue yield. Driving the decrease in net revenue yield was a significant decrease in cruise ticket prices for NCL Group’s inter-island cruises in Hawaii. Occupancy for 1Q 2007 was 103.9% compared to 105.5% in 1Q 2006.

In 1Q 2007, ship operating expenses per capacity day decreased 0.7% compared with 1Q 2006. The decrease in these costs was primarily attributable to lower payroll and related costs and fuel costs, partially offset by an increase in dry-docking expenses. Payroll and related costs in 1Q 2006 included start-up costs associated with the introduction of m.v. Pride of Hawaii in May 2006. The absence of start-up costs in 1Q 2007, combined with a decrease in crew turnover on the U.S. fleet, resulted in lower recruiting and training costs, which were the primary drivers of the improvement in payroll and related costs per capacity day. Reductions in payroll and other controllable ship costs per capacity day were also achieved across the international fleet. During the quarter, average fuel prices, including the impact of fuel hedges, decreased 3.3% to US\$333 per metric ton from US\$345 per metric ton in 1Q 2006.

SG&A expenses per capacity day decreased 6.3% compared with 1Q 2006 as a result of economies of scale achieved from the 23.4% increase in capacity.

PROSPECTS

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

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

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

Other than as disclosed above, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its result and financial position published in the annual report for the year ended 31 December 2006.

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. NCL Group, reporting under US GAAP, accounts for dry-docking costs under the direct expense method and these costs are classified as ship operating expenses. Under HKFRS, 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.*
- *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

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

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the three months ended 31 March 2007, save for the issue of new ordinary shares of US\$0.10 each by the Company as follows:

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

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules during the three months ended 31 March 2007, save for the deviation from Code Provision A.2.1 which states that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Considered reasons for the deviation from Code Provision A.2.1 were set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2006 issued in March 2007.

REVIEW BY AUDIT COMMITTEE

These unaudited consolidated financial statements 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 and Chief Executive Officer

Hong Kong, 15 May 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 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 announcement 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.

Please also refer to the published version of this announcement in China Daily.