



PRESS ANNOUNCEMENT
For Immediate Release

JULY 28, 1999

STAR CRUISES REPORTS RECORD SECOND QUARTER EARNINGS

STAR CRUISES PLC announced record net income of US\$20.7 million (US 3.3 cents earnings per share) on revenue of US\$85.1 million for its second quarter ended June 30, 1999 as compared to US\$2.9 million (US 0.6 cents earnings per share) on revenue of US\$54.5 million in the same quarter of 1998 (excluding the results of the discontinued North American cruise operations in 1998).

For the second quarter of 1999, revenues increased 56% and earnings per share increased more than 5 times over the comparable quarter of 1998. During the quarter, earnings and revenues growth were driven by capacity increase in available berth days by 24%, improved occupancy of 106% in the second quarter of 1999 compared to 93% in 1998 and improved revenue yields (revenue per available berth day) by 26% as compared with the same quarter of 1998.

Net income for the six months ended June 30, 1999 was a record US\$36.6 million (US 5.9 cents earnings per share) on revenue of US\$168.2 million compared to net income of US\$7.8 million (US 1.6 cents earnings per share) on revenue of US\$118.0 million for the same period last year (excluding the results of the discontinued North American cruise operations in 1998).

For the first six months of 1999, revenues increased 43% and earnings per share increased more than 3 times over the same period in 1998. Earnings and revenues growth in the first six months were also driven by capacity increase of 33% in available berth days compared with the same period last year. Occupancy for the first 6 months was 95% compared to 84% for the previous year and gross revenue yields was \$193 as compared with US\$180, an increase of 7%.

The record results for the second quarter and the first half of 1999 were also due to cost control resulting in lower costs per passenger cruise day. The improvements in occupancies and yields were broad based in all market segments and ships. The introduction of the first world-class megaship in Asia-Pacific, the 76,800-gross tonne SuperStar Leo, continued to stimulate demand and increased capacity resulting in significant economies of scale.

“We are very pleased that our passengers are almost equally sourced from the 5 major nationalities of Singapore, Hong Kong, Taiwan, Intra-Asia fly/cruise passengers and Australian/European fly/cruise passengers,” says Mr Colin Au, President and Chief Executive of Star Cruises. “We are implementing marketing plans to further increase cruise passengers from Europe, Middle East and the United States and we believe that these 3 segments will grow significantly in the Year 2000. We are looking forward to the delivery of the SuperStar Virgo on August 3, 1999 and the start of the SuperStar Europe cruises in late September which will provide a further 47% increase in capacity for the second half of 1999 compared to the second half of 1998,” he added.

Star Cruises is focussed on benchmarking itself against the best in the industry in order to provide investors confidence in its financial performance and ensure that Star Cruises can borrow at the best possible terms due to the globalisation of the world's equity and debt market.

For the first half of 1999, Star Cruises' financial performance for Earnings before interest, tax, depreciation and amortisation, Operating Income and Net Income on a per available berth day and operating margins are comparable to the 3 major cruise lines in the world. The 106% occupancy in the second quarter of 1999 is the first time that Star Cruises has reached the industry norm of exceeding 100% occupancy.

If cash balances, investments in cruise infrastructure and deposits for newbuildings are excluded, Star Cruises return on shareholders' funds is also similar to other major cruise lines. Investment in lower yielding cruise infrastructure is in the long term strategic interest of the Company whilst cash balances provide confidence that Star Cruises will have liquidity if there are further economic uncertainties. With the increase in capacities provided by the SuperStar Europe and SuperStar Virgo late this year, the return on shareholders' funds will be further improved.

Star Cruises won numerous awards for the quality of the new ships as well as travel awards for the best cruise experience. Last week, Star Cruises was included as one of the component stocks on the LL(Lloyd's List)-Bloomberg Top 50 Shipping Index ranking 9th among the top 50 companies. This is a significant achievement for the Company to be recognised as a global shipping company.

“With the excellent financial performance and the completion of the US\$604.8 million 12-year loan for both SuperStar Libra and SuperStar Scorpio with a consortium of German banks comprising Commerzbank, KfW and Nord LB of Germany, Star Cruises will sign a Letter of Intent with Meyer Werft on August 3, 1999 to construct two “Sagittarius-Class” vessels, measuring 112,000 gross tons and costing approximately US\$500 million each for delivery in the fourth quarter of 2003 and the first quarter of 2005,” says Dato' K T Lim, Chairman of Star Cruises.

The Sagittarius-Class of vessels will measure 316m with a beam of 35.5m and 1,500 cabins. These two vessels will be the longest ships in the world, exceeding the length of the current record holder in the Guinness Book of Record, the SS Norway. The Sagittarius-Class of vessels will also be two of the 5 largest cruise vessels in the world and have a top cruising speed of about 25 knots, the fastest for cruise ships exceeding 100,000 gross tonnes. Star Cruises will join the ranks of the 3 major cruise companies that have vessels more than 100,000 gross tonnes each.

“After extensive studies, we have decided to build the world’s longest cruise ships taking into consideration year-round operation within the South China Sea and the Pacific Ocean,” says Dato’ K T Lim. “The ability to operate year-round and provide best passenger comfort can only be satisfied with a ship with the longest possible length in order to ride the “swells” during the winter months. These huge cruise vessels will meet consumer expectations in terms of size, facilities and comfort in almost all weather conditions and cruise passengers will fly halfway round the world to be on Star Cruises and experience the wonderful ports in Asia-Pacific, the newest and most exotic cruise region in the world,” he added.

Commenting further on the new shipbuildings, Mr Colin Au said, “The availability of six new world-class ships that are superior in design to cater for the multi-cultural, multi-ethnic and multi-source markets that we are catering for will provide Star Cruises with a competitive edge in the major cruise hubs of Asia-Pacific. The different sizes of the six ships will allow Star Cruises to maximise occupancies in accordance with the maturity and yields of the different markets. They will also provide us with the option to position a larger vessel against any cruise ship that may be introduced by other cruise lines in Asia-Pacific”.

“Fund managers and institutions have noted the lack of liquidity of Star Cruises shares. In order to provide liquidity and more equity funds, Star Cruises will be calling an Extraordinary General Meeting (“EGM”) on August 19, 1999 to seek shareholders approval for placement of up to 5% of the outstanding shares or 31.2 million shares to retail and institutional investors,” Dato’ K T Lim added.

Star Cruises has 5 years audited financial results in accordance with Generally Accepted Accounting Principles in United States of America (“US GAAP”) which will be included in the notice to shareholders for the EGM. Attached are unaudited quarterly results in accordance with US GAAP for the second quarter of 1998 and 1999, the first half of 1998 and 1999 and audited for the full year 1998 in accordance with US GAAP.

Star Cruises, “*The Leading Cruise Line in Asia-Pacific*”, is one of the five largest cruise lines in the world. By 2005, Star Cruises will have a fleet of 12 vessels with lower berth capacity of about 18,000 and an annual growth of 25% per year for the corresponding period.

Star Cruises has also one of the youngest and most modern cruise fleets in the world with the highest safety standards. Its ships are based throughout Asia-Pacific with Singapore, Port Klang, Phuket, Bangkok, Hong Kong, Taipei and Osaka/Kobe as ports of embarkation by early 2000. The fleet features the most number of alternatives and multiple dining facilities onboard, flexible sittings, the best services afloat with the highest crew to passenger ratio.

Star Cruises has offices in Asia (China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, Taiwan and Thailand); Australia (Sydney, Melbourne, Brisbane and Perth), Europe (Austria, Germany, Sweden and United Kingdom) and the United States of America.

Certain statements in this press announcement are forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include general economic and business conditions, changes in cruise industry competition, weather and other factors.

Star Cruises’ completely new web-site is at www.starcruiises.com. which provides more information on the cruise line and the itineraries.

- end -

For editorial, please contact:

MALAYSIA

Jane Poh

Vice President, Corporate Communications

Tel : 603-309 2526

Fax : 603- 301 1479

e-mail : sjpoh@starcruises.com.my

Port Klang, Malaysia

Gerard Lim

Vice President, Corporate Affairs

Tel : 603-309 2600

Fax : 603- 384 0213

e-mail : gerard@starcruises.com.my

Port Klang, Malaysia

STAR CRUISES
CONSOLIDATED STATEMENTS OF OPERATIONS
PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
IN UNITED STATES OF AMERICA
(EXCLUDING THE DISCONTINUED NORTH AMERICAN CRUISE OPERATIONS' RESULTS IN 1998)
(Unaudited other than full year 1998, in thousands of US dollars except per share and operating data)

	Second Quarter Ended June 30,		Six Months Ended June 30,		Full year
	1998	1999	1998	1999	1998
Revenues	\$54,540	\$85,057	\$118,015	\$168,234	\$268,508
Costs and expenses					
Operating expenses	(38,259)	(39,787)	(81,152)	(80,908)	(151,900)
Selling, general and administrative expenses	(5,765)	(10,981)	(16,446)	(22,587)	(36,347)
Start up expenses	-	-	-	-	(2,996)
Depreciation and amortization	(7,976)	(10,533)	(14,654)	(21,232)	(33,334)
Total costs and expenses	<u>(52,000)</u>	<u>(61,301)</u>	<u>(112,252)</u>	<u>(124,727)</u>	<u>(224,577)</u>
Operating income	2,540	23,756	5,763	43,507	43,931
Non-operating income (expense)					
Interest income	836	1,675	995	3,218	4,038
Interest expense, net of capitalized interest	(168)	(4,121)	(393)	(8,286)	(4,776)
Gain (Loss) on foreign exchange and interest rate swaps, net	47	-	1,792	(1,065)	(7,214)
Other income (expense), net	(179)	(148)	(179)	(120)	3,516
Income tax expense	(236)	(481)	(380)	(619)	(519)
Minority interests	37	-	215	-	161
Total non-operating income (expense)	<u>337</u>	<u>(3,075)</u>	<u>2,050</u>	<u>(6,872)</u>	<u>(4,794)</u>
Net income	<u>\$2,877</u>	<u>\$20,681</u>	<u>\$7,813</u>	<u>\$36,635</u>	<u>\$39,137</u>
Earnings per share in US cents:					
- Basic	US 0.6 cents	US 3.3 cents	US 1.6 cents	US 5.9 cents	US 7.0 cents
- Diluted	US 0.6 cents	US 3.3 cents	US 1.6 cents	US 5.8 cents	US 6.9 cents
Weighted average common stocks outstanding	500,820,869	624,447,243	500,137,851	624,447,243	562,803,407
Weighted average common stocks outstanding assuming dilution	502,084,618	632,238,140	501,125,479	628,675,350	563,503,395
<i>Operating Data (excluding the discontinued North American cruise operations)</i>					
Occupancy as a percentage of total capacity	93%	106%	84%	95%	88%
Passenger Cruise Days	325,077	458,114	559,681	829,287	1,280,967

STAR CRUISES
CONSOLIDATED STATEMENTS OF OPERATIONS
PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
IN UNITED STATES OF AMERICA

(Unaudited other than full year 1998, in thousands of US dollars except per share and operating data)

	Second Quarter Ended June 30,		Six Months Ended June 30,		Full year
	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Revenues	\$56,666	\$85,057	\$122,091	\$168,234	\$275,941
Costs and expenses					
Operating expenses	(42,458)	(39,787)	(95,451)	(80,908)	(168,430)
Selling, general and administrative expenses	(9,034)	(10,981)	(23,378)	(22,587)	(45,142)
Start up expenses	-	-	(2,465)	-	(5,461)
Depreciation and amortization	(8,484)	(10,533)	(15,592)	(21,232)	(34,400)
Total costs and expenses	<u>(59,976)</u>	<u>(61,301)</u>	<u>(136,886)</u>	<u>(124,727)</u>	<u>(253,433)</u>
Operating income (loss)	(3,310)	23,756	(14,795)	43,507	22,508
Non-operating income (expense)					
Interest income	836	1,675	995	3,218	4,038
Interest expense, net of capitalized interest	(168)	(4,121)	(393)	(8,286)	(4,776)
Gain (Loss) on foreign exchange and interest rate swaps, net	47	-	1,792	(1,065)	(7,214)
Other income (expense), net	(442)	(148)	(442)	(120)	2,627
Income tax expense	(236)	(481)	(380)	(619)	(519)
Minority interests	37	-	455	-	401
Total non-operating income (expense)	<u>74</u>	<u>(3,075)</u>	<u>2,027</u>	<u>(6,872)</u>	<u>(5,443)</u>
Net income (loss)	<u>(\$3,236)</u>	<u>\$20,681</u>	<u>(\$12,768)</u>	<u>\$36,635</u>	<u>\$17,065</u>
Earnings per share in US cents:					
- Basic	(US 0.6 cents)	US 3.3 cents	(US 2.6 cents)	US 5.9 cents	US 3.0 cents
- Diluted	(US 0.6 cents)	US 3.3 cents	(US 2.5 cents)	US 5.8 cents	US 3.0 cents
Weighted average common stocks outstanding	500,820,869	624,447,243	500,137,851	624,447,243	562,803,407
Weighted average common stocks outstanding assuming dilution	502,084,618	632,238,140	501,125,479	628,675,350	563,503,395
<i>Operating Data (excluding the discontinued North American cruise operations)</i>					
Occupancy as a percentage of total capacity	93%	106%	84%	95%	88%
Passenger Cruise Days	325,077	458,114	559,681	829,287	1,280,967