



PRESS RELEASE

JANUARY 26, 2000

STAR CRUISES ANNOUNCES RECORD FOURTH QUARTER AND FULL YEAR EARNINGS FOR 1999

Star Cruises PLC announced a fourth consecutive record net income of US\$25.3 million (US 4.1 cents earnings per share) on revenue of US\$114.4 million for its fourth quarter ended December 31, 1999 as compared to US\$11.1 million (US 1.8 cents earnings per share) on revenue of US\$72.7 million in the same quarter of 1998 (excluding the results of the discontinued North American cruise operations in 1998).

For the fourth quarter of 1999, revenues increased 57% and operating income increased 58%, whilst net income and earnings per share increased 128% over the comparable quarter of 1998. During the quarter, earnings and revenues growth were driven by capacity increase in available berth days by 52%, improved occupancy of 101% in the fourth quarter of 1999 compared to 87% in 1998 and improved revenue yields (revenue per available berth day) by 3.6% as compared with the same quarter of 1998.

Net income for the full year ended December 31, 1999 was a record US\$90.2 million (US 14.4 cents earnings per share) on revenue of US\$391.7 million compared to net income of US\$39.1 million (US 7.0 cents earnings per share) on revenue of US\$268.5 million for the same period last year (excluding the results of the discontinued North American cruise operations in 1998). The full year results are audited by PricewaterhouseCoopers.

For the full year of 1999, revenues increased 46%, net income increased 130% and earnings per share increased by 106% over the same period in 1998. Earnings and revenues growth in the year were also driven by capacity increase of 39% in available berth days compared with last year. Occupancy for the full year was 101% compared to 88% for the previous year and gross revenue yields was US\$194 as compared with US\$185, an increase of 5%.

The record results for 1999 were also due to continued costs control and economies of scale resulting in lower cost per passenger cruise day. The improvements in occupancies, yields and profitability were broad based in all market segments and ships.

For the year of 1999, Star Cruises' financial performance for EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), Operating Income and Net Income on a per available berth day and operating margins ranks second in the world cruise industry. The 101% occupancy for 1999 demonstrates that Star Cruises can reach the industry norm of exceeding 100% occupancy. Star Cruises 1999 performance surpassed almost all analysts' expectations.

"Star Cruises is very pleased with this fourth consecutive quarter of earnings growth and being second in the world cruise industry in terms of profitability margins and profit per available berth day. We only have the impact of one megaship for a full year and the second megaship for 3 months in 1999. We look forward to the year 2000 when our available berth capacity will increase 45% over 1999," says Dato K T Lim, Chairman of Star Cruises.

The vision of NCL and Orient Lines joining Star Cruises to become "The First Global Cruise Line in the World" is expected to be achieved on February 4, 2000 when a new Board of NCL is expected to be voted in. Star Cruises is expected to have more than 50% of the fully diluted votes with its own shareholdings and other shareholders who support the vision of a combined Star, NCL and Orient Lines.

Star Cruises will be soliciting proxies from all shareholders for the shareholders meeting on February 4, 2000. In this regard, Star Cruises appreciates the support of shareholders, such as Mr Gerry Herrod, founder and former Chairman of Orient Lines and until recently a Board Member of NCL who shares this vision and has given Star Cruises his irrevocable proxy for his entire shareholding.

"We will nominate a slate of new Directors for NCL which includes Mr Ole Lund as the Chairman to ensure that NCL will have new directions and reach profitability standards of the cruise industry," Dato' K T Lim further added.

"We have launched the SuperStar Taurus for the Japanese and Korean mass markets and response from these two markets are extremely positive. SuperStar Taurus as "The Most Exciting and Affordable Cruise Ship in Japan and Korea" will grow the awareness of cruising in Japan and Korea and increase Star Cruises brand name in these two countries," says Mr Colin Au, President and Chief Executive of Star Cruises. "The Year 2000 will see significant improvement for Star Cruises due to the significant 45% increase in available berth days and the continued economies of scale of our operations. Star Cruises continues to win all cruise awards in Asia-Pacific and Star Cruises' position will be strengthened in Japan and Korea due to SuperStar Taurus. Star Cruises is a household name in almost all Asia-Pacific countries."

Star Cruises, "*The Leading Cruise Line in Asia-Pacific*", is one of the five largest cruise lines in the world. By 2004, 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. With NCL and Orient Lines, Star Cruises will become "The First Global Cruise Line in the World" and the joint third largest cruise line in the world.

The entry barriers to the cruise industry are very high as demonstrated by the dominant market share of the leading cruise companies. With investments in cruise infrastructure throughout Asia-Pacific, exclusive marketing arrangements with most key tour operators, building of new megaships with the most number of alternative restaurants, best cruise service with 50% more crew to passengers than other ships and multi-language and multi-cultural approach to cruise operations, Star Cruises has sustainable competitive advantages to ensure its dominant position in Asia-Pacific.

Star Cruises has also one of the youngest and most modern cruise fleets in the world with the highest safety standards having its own US\$5.0 million ship simulator for training of all officers and voyage data records or "black boxes" for all ships. In addition to training its own officers, Star Cruises is also training officers for other shipping lines such as 300 officers a year for A P Moller/Maersk.

Star Cruises ships are based throughout Asia-Pacific with Singapore, Port Klang (Malaysia), Phuket and Bangkok (Thailand), Hong Kong, Taipei (Taiwan), Fukuoka and Kobe (Japan) and Pusan (Korea) as ports of embarkation.

Star Cruises has offices in Asia (China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand); Australia (Sydney, Melbourne, Brisbane and Perth), Europe (Austria, Germany, Sweden and United Kingdom) and the United States of America. With a number of branches in some countries such as China, India and Australia, Star Cruises is represented in 25 locations worldwide.

Attached are the quarterly results for the fourth quarter of 1998 and 1999, the audited full year results for the years ended December 31 of 1998 and 1999, prepared in accordance with US GAAP.

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 or www.starcruiises.com.my which provides more information on the cruise line and the itineraries.

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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, in thousands of US dollars, except per share and operating data)

	Fourth Quarter Ended Dec 31,		Year Ended Dec 31,	
	1998	1999	1998	1999
Revenues	\$72,715	\$114,435	\$268,508	\$391,685
Costs and expenses				
Operating expenses	(31,958)	(52,912)	(154,896)	(183,156)
Selling, general and administrative expenses	(9,321)	(13,170)	(36,347)	(52,809)
Depreciation and amortization	(10,104)	(14,706)	(33,334)	(48,863)
Total costs and expenses	(51,383)	(80,788)	(224,577)	(284,828)
Operating income	21,332	33,647	43,931	106,857
Non-operating income (expense)				
Interest income	1,428	675	4,038	4,814
Interest expense, net of capitalized interest	(4,140)	(9,230)	(4,776)	(19,011)
Loss on foreign exchange and interest rate swaps, net	(7,920)	-	(7,214)	(1,065)
Other income (expense), net	144	40	3,516	(83)
Income tax expense	241	202	(519)	(1,303)
Minority interests	9	-	161	-
Total non-operating expense	(10,238)	(8,313)	(4,794)	(16,648)
Net income	\$11,094	\$25,334	\$39,137	\$90,209
Earnings per share in US cents:				
- Basic	US 1.8 cents	US 4.1 cents	US 7.0 cents	US 14.4 cents
- Diluted	US 1.8 cents	US 4.0 cents	US 6.9 cents	US 14.3 cents
Weighted average common stock outstanding ('000)	624,447	624,549	562,803	624,473
Weighted average common stock outstanding assuming dilution ('000)	624,938	636,409	563,503	632,712
<i>Operating Data (excluding the discontinued North American cruise operations) (unaudited)</i>				
Passenger Cruise Days	360,687	641,817	1,280,967	2,040,859
Available Berth Days	416,969	633,475	1,453,489	2,022,404
Occupancy as a percentage of total capacity	87%	101%	88%	101%

Note

The Company through Arrasas Limited, a wholly-owned subsidiary, acquired an approximately 39% interest in NCL Holding ASA ("NCL") close to the Company's financial year end. The Company has excluded the results of NCL in the above consolidated statements of operations for the quarter and year ended December 31, 1999 on the basis that the effect of accounting for its share of such results would not be material based on available public financial information of NCL.

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

(In thousands of US dollars, except per share and operating data)

	Unaudited		Audited	
	Fourth Quarter Ended Dec 31,		Year Ended Dec 31,	
	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>
Revenues	\$72,795	\$114,435	\$275,941	\$391,685
Costs and expenses				
Operating expenses	(31,958)	(52,912)	(173,891)	(183,156)
Selling, general and administrative expenses	(9,647)	(13,170)	(45,142)	(52,809)
Depreciation and amortization	(10,195)	(14,706)	(34,400)	(48,863)
Total costs and expenses	<u>(51,800)</u>	<u>(80,788)</u>	<u>(253,433)</u>	<u>(284,828)</u>
Operating income	20,995	33,647	22,508	106,857
Non-operating income (expense)				
Interest income	1,428	675	4,038	4,814
Interest expense, net of capitalized interest	(4,140)	(9,230)	(4,776)	(19,011)
Loss on foreign exchange and interest rate swaps, net	(7,920)	-	(7,214)	(1,065)
Other income (expense), net	(123)	40	2,627	(83)
Income tax expense	241	202	(519)	(1,303)
Minority interests	9	-	401	-
Total non-operating expense	<u>(10,505)</u>	<u>(8,313)</u>	<u>(5,443)</u>	<u>(16,648)</u>
Net income	<u>\$10,490</u>	<u>\$25,334</u>	<u>\$17,065</u>	<u>\$90,209</u>
Earnings per share in US cents:				
- Basic	US 1.7 cents	US 4.1 cents	US 3.0 cents	US 14.4 cents
- Diluted	US 1.7 cents	US 4.0 cents	US 3.0 cents	US 14.3 cents
Weighted average common stock outstanding ('000)	624,447	624,549	562,803	624,473
Weighted average common stock outstanding assuming dilution ('000)	624,938	636,409	563,503	632,712
<i>Operating Data (excluding the discontinued North American cruise operations) (unaudited)</i>				
Passenger Cruise Days	360,687	641,817	1,280,967	2,040,859
Available Berth Days	416,969	633,475	1,453,489	2,022,404
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