



PRESS RELEASE FOR IMMEDIATE RELEASE

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STAR CRUISES ANNOUNCES SECOND QUARTER EARNINGS FOR 2000

For the six months ended June 30, 2000, Star Cruises Group (including NCL) recorded an operating income of US\$84.8 million compared to US\$43.5 million for the same period last year. The results for the first half of 2000 are not comparable to last year due to the recent acquisition of NCL. The net income for the period before acquisition charges was US\$52.8 million. The acquisition led to US\$40.6 million of additional interest expense arising from the financing of the acquisition, and US\$5.5 million of amortisation of goodwill, tradenames and trademarks and US\$3.0 million of other fair value adjustments arising from the consolidation of NCL into Star Cruises financial statements resulting in a net income for the period of US\$3.7 million.

For the first half this year, Star Cruises Group (including NCL) recorded an occupancy of 96 % as compared with 95 % last year.

For the second quarter of 2000, Star Cruises Group (including NCL) recorded an operating income of US\$50.8 million on revenue of US\$369.1 million compared to US\$23.8 million on revenue of US\$85.1 million of the same period in 1999.

For the second quarter of 2000, Star Cruises Group (including NCL) recorded an occupancy of 99% as compared with 106% last year.

Available capacity days increased by 243% from 870,369 in the first half of last year to 2,986,199 this year. The increase in capacity is due to the introduction of SuperStar Taurus, SuperStar Aries and SuperStar Virgo for Star Cruises and the acquisition of NCL in 2000.

Star Cruises (excluding NCL)

For the six months ended June 30, 2000, revenue and operating income for Star Cruises (excluding NCL) increased 42% and 19% respectively. In the first half this year, Star Cruises (excluding NCL) recorded an occupancy of 91% compared to 95% for last year. The lower occupancy reflects the impact of the winter months for the new North Asian market. Excluding the new North Asian market, the occupancy for the first half of this year would have been 94% despite an increase in capacity of 48%.

Available capacity days increased by 66% from 870,369 in the first half of last year to 1,444,186 this year. This is due to the introduction of SuperStar Taurus, SuperStar Aries and SuperStar Virgo.

For the first half of 2000, despite the increase in fuel costs, Star Cruises operating costs and selling, general and administrative costs on per capacity day basis is lower compared to 1999.

For the second quarter of 2000, Star Cruises (excluding NCL) recorded an operating income of US\$25.5 million on revenue of US\$127.1 million compared to US\$23.8 million on revenue of US\$85.1 million of the same period in 1999. The results of second quarter were affected by the approximately US\$5 million adverse impact of higher fuel costs, the expiry of the charter hire of SuperStar Aries (formerly M.S. Europa) on June 30, 1999 which resulted in a reduction in income of approximately US\$1 million and the lower than expected revenue in the new Japan and Middle East markets which contributed a loss of approximately US\$7 million in those markets.

Available capacity days increased by 74% from 433,569 in the second quarter last year to 753,100 this year.

During the first half of this year, Star Cruises started developing the North Asian and Middle East markets by re-deploying SuperStar Taurus to Kobe and MegaStar Capricorn to Dubai as path finder ships to develop those cruise markets. Being new markets, the relatively lower revenue and yields partially offset the improvements in the mature markets of Singapore and Hong Kong where Star Cruises continued to maintain its yield and occupancy in Singapore with the introduction of SuperStar Virgo and in Hong Kong with the relocation of SuperStar Leo there. Both megaships contributed to the increase in capacity and revenue in the respective markets. In the Thailand market, SuperStar Aries, which started operation in the last quarter of 1999 achieved significant improvement on its revenue and margins in the second quarter.

Star Cruises development of new markets in Japan and the Middle East contributed to the lower occupancy experienced in the first half. In comparing the Hong Kong and Singapore markets to previous years, the mature markets continue to perform above expectations and in line with the increase in capacity. Star Cruises is continuing to develop distribution networks through local agents and continues co-op promotion and advertisement to develop the contemporary cruise market in Japan. Given the lower than expected response from the Middle East market, Star Cruises sold MegaStar Capricorn for delivery in March 2001. In the meantime, the ship has been re-deployed to Malaysia.

NCL

For the first half of 2000, NCL showed marked improvement over the first half of 1999. Revenues and operating income excluding the effect of certain non-recurring charges and charges related to the change of control, increased 18% and 62% respectively in the first half compared to the same period of 1999.

Available capacity days increased by 27% from 1,773,527 to 2,259,401 for the first half this year compared to the same period last year. This is due to the introduction of the Norwegian Sky.

Occupancy decreased marginally by 0.9% from 99.7% to 98.8% for the same period year-on-year.

For the second quarter ended June 30, 2000, NCL recorded an operating income of US\$25.6 million on revenue of US\$242.0 million as compared to operating income of US\$19.7 million on revenue of US\$205.7 million in the same period in 1999.

Available capacity days increased by 30% from 890,789 to 1,160,527 for the second quarter this year compared to the same period last year.

Occupancy for the second quarter increased by 1.5% from 100.4% to 101.9% for the same period year-on-year.

“With an aggregate increase in capacity of 60% in the Hong Kong and Singapore markets, we are pleased with the revenue increases in those respective markets. We are particularly pleased with the performance of the Hong Kong market where we more than doubled the capacity with the re-deployment of SuperStar Leo there. With NCL positioning itself as the first North American cruise company to adopt “Freestyle Cruising” and the positive response from the passengers to this resort style land-based vacation experience, we are reasonably confident that the third quarter, being the strongest quarter for this market, will continue to boost revenue and margins,” says Mr. Colin Au, President and CEO of the Star Cruises Group.

“With the acquisition of NCL, we operate 20 cruise ships globally. This gives us greater flexibility in deploying ships to the market that they are best suited for and hence maximize margins,” says Dato’ K T Lim, Chairman of the Star Cruises Group.

“We are also pleased to announce the appointments of Mr. Alan Smith, Vice Chairman, Pacific Region of Credit Suisse First Boston, and Mr. Tan Boon Seng as independent directors, and Tan Sri Alwi Jantan, Executive Director of Resorts World Bhd as director of Star Cruises PLC,” added Dato’ KT Lim.

Star Cruises held an Extraordinary General Meeting earlier today. The Directors are pleased to announce that the shareholders have approved the following:-

1. The increase in authorised share capital and the issue of up to 300 million (subject to upward adjustment after the bonus issue) new ordinary shares of US\$0.10 each in the capital of the Company.
2. Proposed listing on the Stock Exchange of Hong Kong Limited.
3. The bonus issue of new ordinary shares of US\$0.10 each credited as fully paid-up on the basis of four (4) new ordinary shares for every one (1) existing ordinary share.

Consolidated Statements of Operations

Attached are the unaudited second quarter and first half ended June 30, 2000 results 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.

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STAR CRUISES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SECOND QUARTER ENDED JUNE 30, 2000 AND 1999
(unaudited, in thousands of US dollars, except per share and operating data)

ATTACHMENT 1

	<u>Second Quarter Ended June 30, 2000</u>			<u>Second Quarter Ended June 30, 1999</u>
	<u>Star Cruises</u>	<u>NCL (post-acquisition results)</u> <i>(Note 3)</i>	<u>Corporate</u> <i>(Note 1)</i>	<u>STAR CRUISES GROUP</u>
Revenues	\$ 127,104	\$ 241,993		\$ 369,097
Costs and expenses				\$ 85,057
Operating expenses	(68,016)	(159,716)		(227,732)
Selling, general and administrative expenses	(17,777)	(39,811)	(213)	(57,801)
Depreciation and amortization	(15,805)	(16,848)	(104) <i>(Note 2)</i>	(32,757)
Total costs and expenses	(101,598)	(216,375)		(318,290)
Operating income	25,506	25,618		50,807
Non-operating income (expense)				23,756
Interest income	215	482		697
Interest expense, net of capitalized interest	(8,572)	(14,337)	(23,671)	(46,580)
Other income (expense), net	(184)	301		117
Gain (Loss) on foreign exchange and interest rate swaps, net	1,754	(33)		1,721
Income tax expense	(353)	(3,742)	1,778	(2,317)
Minority interests	-	-	(1,911)	(1,911)
Total non-operating expense	(7,140)	(17,329)		(48,273)
Net income	\$ 18,366	\$ 8,289		\$ 2,534
Earnings per share in US cents:				
- Basic				US 0.08 cents
- Diluted				US 0.08 cents
Weighted average common stock outstanding after adjusting the effect of bonus issue ('000)				3,124,164
Weighted average common stock outstanding after adjusting the effect of bonus issue and assuming dilution ('000)				3,192,366
<u>Operating data</u>				
Passenger cruise days	709,948	1,182,840		1,892,788
Available capacity days	753,100	1,160,527		1,913,627
Occupancy as a percentage of total capacity	94%	102%		99%

Note :

1. The corporate column related to Arrasas Limited interest expense of \$23.7 million and administrative expenses of \$0.2 million together with the fair value adjustments required.
2. Included the goodwill, trade names and trademarks amortisation of \$4.2 million arising from the acquisition of NCL.
3. Certain NCL's balances have been reclassified to conform with Star Cruises' presentation.

STAR CRUISES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2000 AND 1999
(unaudited, in thousands of US dollars, except per share and operating data)

ATTACHMENT 2

	Six months ended June 30, 2000			Six months ended June 30, 1999	
	Star Cruises	NCL (post- acquisition results) <i>(Note 5)</i>	Corporate <i>(Note 1)</i>	STAR CRUISES GROUP	STAR CRUISES GROUP
Revenues	\$ 239,326	\$ 323,343		\$ 562,669	\$ 168,234
Costs and expenses					
Operating expenses	(124,679)	(211,875)		(336,554)	(80,908)
Selling, general and administrative expenses	(32,201)	(54,242)	(484)	(86,927)	(22,587)
Depreciation and amortization	(30,630)	(21,596)	(2,128) <i>(Note 2)</i>	(54,354)	(21,232)
Total costs and expenses	(187,510)	(287,713)		(477,835)	(124,727)
Operating income	51,816	35,630		84,834	43,507
Non-operating income (expense)					
Interest income	366	738		1,104	3,218
Interest expense, net of capitalized interest	(16,490)	(19,377)	(40,553)	(76,420)	(5,114)
Other income (expense), net	(332)	221		(111)	(120)
Gain (Loss) on foreign exchange and interest rate swaps, net	1,754	(33)		1,721	(1,065)
Income tax expense	(729)	(738)	(2,963)	(4,430)	(619)
Minority interests	-	-	(2,248)	(2,248)	-
Loss from affiliated operation, net	-	-	(748) <i>(Note 3)</i>	(748)	-
Total non-operating expense	(15,431)	(19,189)		(81,132)	(3,700)
Net income	\$ 36,385	\$ 16,441		\$ 3,702	\$ 39,807
Earnings per share in US cents:					
- Basic				US 0.12 cents	US 1.27 cents
- Diluted				US 0.12 cents	US 1.25 cents
Weighted average common stock outstanding after adjusting the effect of bonus issue ('000)				3,124,157	3,122,236
Weighted average common stock outstanding after adjusting the effect of bonus issue and assuming dilution ('000)				3,192,947	3,190,234
<u>Operating data (Note 4)</u>					
Passenger cruise days	1,309,030	1,572,610		2,881,640	829,287
Available capacity days	1,444,186	1,542,013		2,986,199	870,369
Occupancy as a percentage of total capacity	91%	102%		96%	95%

Note :

1. The corporate column related to Arrasas Limited interest expense of \$40.6 million and administrative expenses of \$0.5 million together with the fair value adjustments required.
2. Included the goodwill, trade names and trademarks amortization of \$5.5 million arising from the acquisition of NCL.
3. The loss from affiliated operations, net of amortization of goodwill is for the period of Jan and Feb 2000.
4. Passenger cruise days and available capacity days of 1,572,610 and 1,542,013 respectively and the occupancy rate of 102% for NCL were for period from March 2000 to June 2000.
5. Certain NCL's balances have been reclassified to conform with Star Cruises' presentation.