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**February 27, 2001**

THIS ANNOUNCEMENT IS NOT, AND IS NOT INTENDED TO BE, AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES. ANY SECURITIES OFFERED OR SOLD BY THE COMPANY WILL NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 OR AN EXEMPTION THEREFROM.

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**STAR CRUISES ANNOUNCES EARNINGS FOR 2000**

For the year ended December 31, 2000, Star Cruises Group including NCL, ("the Group") recorded an operating income (before adjusting for asset impairment loss) of US\$198.3 million compared to US\$106.9 million for the same period in 1999. The results for the year ended December 31, 2000 is not comparable to 1999 as the acquisition of a majority interest in NCL occurred only in February 2000. The Groups' net income for the period before adjusting for financing charges and amortisation of goodwill and trade names and trademarks arising from the acquisition and asset impairment loss from the sale of Star Aquarius was US\$112.6 million. The acquisition led to US\$84.2 million of additional interest expense arising from the financing of the acquisition, and US\$13.9 million of amortisation of goodwill, tradenames and trademarks and US\$6.4 million of other fair value adjustments arising from the consolidation of NCL into Star Cruises financial statements. The Group recently announced the sale of Star Aquarius as part of the fleet modernisation plan resulting in an impairment loss of US\$37.7 million. As a result of these forementioned factors, the Group recorded a net loss of US\$29.6 million.

For the year ended December 31, 2000, the Group recorded an occupancy of 97% as compared with 101% in 1999.

For the fourth quarter of 2000, the Group recorded an operating income of US\$27.8 million (before adjusting for impairment loss of US\$37.7 million) on revenue of US\$345.3 million compared to operating income of US\$33.6 million on revenue of US\$114.4 million in the same period in 1999.

For the fourth quarter of 2000, the Group recorded an occupancy of 95% as compared with 101% in 1999.

**Star Cruises (excluding NCL)**

For the year ended December 31, 2000, revenue for Star Cruises (excluding NCL) increased by 28% to US\$500.5 million compared to US\$391.7 million in 1999. Available capacity days increased by 48% from 2,022,404 to 2,997,349 due to the full year operation of SuperStar Virgo and SuperStar Aries, added capacity with the purchase of 2 megastar ships and the introduction SuperStar Taurus and Norwegian Star in Japan and Taiwan respectively.

Star Cruises (excluding NCL) recorded an occupancy of 91% for the full year ended December 31, 2000 compared to 101% in 1999. The lower load factor in 2000 was largely due to the low occupancy experienced in the new markets of Japan and Thailand.

Total operating costs and selling, general and administrative costs for the year on a per capacity day basis is 3.4% and 15.4% lower compared to the same period in 1999, due to economies of scale and cost control measures implemented during the year.

Given the lower yields and load factor experienced in the developing market, operating income (before adjusting for impairment loss of US\$37.7 million) increased marginally by 1% compared to 1999. Operating margins in Singapore and Hong Kong continue to perform inline with expectation.

For the fourth quarter of 2000, Star Cruises (excluding NCL) recorded an operating income (before adjusting for impairment loss) of US\$17.2 million on revenue of US\$117.4 million compared to US\$33.6 million on revenue of US\$114.4 million in the same period in 1999. The lower operating margin experienced in the fourth quarter was due to the lower than expected load and revenue yields, and the high cost of operation in the new markets of Kobe and Fukuoka. The adverse weather conditions during the winter months in the fourth quarter also contributed to the lower occupancy during that period.

“Star recognizes that the development of cruise market in Japan has been slower than expected. The management has made the decision to position only SuperStar Taurus in Japan to be based out of Fukuoka. Its itinerary will be changed to shorter cruises enabling us to reduce cruise ticket pricing, making it more appealing to the larger Japanese contemporary market. With the sale of Star Aquarius, SuperStar Aries will be relocated to Laem Chabang, Bangkok to continue to develop the Thailand market.” says Mr. Chong Chee Tut, Chief Operating Officer of Star Cruises.

## **NCL**

For the twelve months ended December 31, 2000, NCL revenue increased by 15% to US\$970.7 million compared to US\$844.2 million in 1999, due to higher yield, added capacity, all ships in service and consolidation of Capricorn operation in Australia. Available capacity days increased by 21% from 3,865,753 to 4,669,892. Occupancy increased 1.9% to 100.2%, net per diem were up 2.8%, resulting in yields increasing 5.6% year on year.

Operating expenses and selling, general and administrative expenses for the full year ended December 31, 2000 reduced by 8% and 13% respectively on a per capacity day basis.

For the fourth quarter ended December 31, 2000, NCL recorded an operating income of US\$11.9 million on revenue of US\$227.9 million as compared to operating income of US\$5.0 million on revenue of US\$215.8 million in the same period in 1999. Available capacity days increased by 15% from 1,045,880 to 1,206,834 for the fourth quarter in 2000 compared to the same period in 1999. Occupancy for the fourth quarter increased by 5.6% from 93.2% to 98.8% for the same period year-on-year.

“The combination of Star and NCL has brought about tremendous fleet deployment synergies. We are currently planning to locate SuperStar Libra, the 2,300 lower berth ship to Hawaii. This replaces the previous plan to deploy SuperStar Leo to Hawaii. Libra is a brand new ultra-modern ship and purposed built for freestyle cruising in the North American market. In addition with planned delivery of SuperStar Scorpio in the fall of 2002, NCL will have both Libra class ships operating in North America under the Norwegian Cruise Line brand. Together with the Norwegian Sky and the Norwegian Sun (due for delivery in August 2001), this redeployment will dramatically change the profile of NCL fleet and at the same time continue to maintain our competitive edge.” Says Mr. Colin Veitch, President and Chief Executive Officer of Norwegian Cruise Line.

## **Reconciliation of results prepared under US GAAP to HK GAAP**

Following the listing of the Company's entire common stock on The Stock Exchange of Hong Kong Limited, the Group has prepared the financial statements under Generally Accepted Accounting Principles in Hong Kong ("HK GAAP"). The results discussed above were prepared in accordance with US GAAP.

The following statements reconcile the Group's results prepared under US GAAP to HK GAAP.

(in thousands of US dollars)	Fourth Quarter ended December 31,	
	<u>2000</u>	<u>1999</u>
Net income (loss) prepared under US GAAP	(\$54,879)	\$25,334
<u>HK GAAP adjustments :</u>		
Interest capitalisation	(4,281)	(1,107)
Depreciation on interest capitalisation	33	-
Loss on revaluation of property and equipment	(969)	-
Net profit (loss) prepared under HK GAAP	<u>(\$60,096)</u>	<u>\$24,227</u>

(in thousands of US dollars)	Years ended December 31,	
	<u>2000</u>	<u>1999</u>
Net income (loss) prepared under US GAAP	(\$29,626)	\$90,209
<u>HK GAAP adjustments :</u>		
Interest capitalisation	(13,532)	(5,835)
Depreciation on interest capitalisation	127	-
Loss on revaluation of property and equipment	(969)	-
Net profit (loss) prepared under HK GAAP	<u>(\$44,000)</u>	<u>\$84,374</u>

## **Consolidated Statements of Operations**

Attached are the results for the fourth quarter and the year ended December 31, 2000 prepared in accordance with US GAAP and HK 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 FOURTH QUARTER ENDED DECEMBER 31, 2000 AND 1999**  
**PREPARED IN ACCORDANCE WITH US GAAP**  
(in thousands of US dollars, except per share and operating data)

	Fourth Quarter Ended December 31, 2000			Fourth Quarter Ended December 31, 1999	
	Star Cruises (excluding NCL)	NCL (post- acquisition results)	Corporate	STAR CRUISES GROUP	STAR CRUISES GROUP
			unaudited (Note 1)		unaudited
Revenues	\$ 117,403	\$ 227,905		\$ 345,308	\$ 114,435
Costs and expenses					
Operating expenses	(63,965)	(156,003)		(219,968)	(51,777)
Selling, general and administrative expenses	(17,725)	(40,505)	(283)	(58,513)	(13,170)
Depreciation and amortization	(18,515)	(19,465)	(1,004) (Note 2)	(38,984)	(15,841)
Impairment loss	(37,694)	-		(37,694)	-
Total costs and expenses	(137,899)	(215,973)		(355,159)	(80,788)
Operating income (loss)	(20,496)	11,932		(9,851)	33,647
Non operating income (expense)					
Interest income	4,685	838		5,523	675
Interest expense, net of capitalized interest	(12,492)	(15,303)	(19,002)	(46,797)	(9,230)
Other income (expense), net	(75)	(2,100)		(2,175)	40
Gain on foreign exchange and interest rate swaps, net	1,268	959		2,227	-
Income tax expense	(223)	992	(683)	86	202
Minority interests	-	-	22	22	-
Total non-operating expense	(6,837)	(14,614)		(41,114)	(8,313)
Net income (loss) before extraordinary items	(27,333)	(2,682)		(50,965)	25,334
Extraordinary items, net of tax benefits	(69)	(708)	(3,137)	(3,914)	-
Net income (loss) after extraordinary items	\$ (27,402)	\$ (3,390)		\$ (54,879)	\$ 25,334
Earnings (loss) per share in US cents:					
- Basic				(US 1.6 cents)	US 0.8 cents
- Diluted (Note 3)				N/A	US 0.8 cents
Weighted average common stock outstanding after adjusting the effect of bonus issue ('000)				3,470,487	3,122,745
Weighted average common stock outstanding after adjusting the effect of bonus issue and assuming dilution ('000)				3,510,958	3,182,045
<u>Unaudited operating data</u>					
Passenger Cruise Days	703,661	1,191,709		1,895,370	641,817
Available Capacity Days	797,863	1,206,834		2,004,697	633,475
Occupancy as a percentage of total capacity	88%	99%		95%	101%

Note :

1. The corporate column related to Arrasas Limited's interest expense of \$19.0 million and administrative expenses of \$0.3 million together with the fair value adjustments required.
2. Included the goodwill, trade names and trademarks amortization of \$4.1 million arising from the acquisition of NCL.
3. Diluted loss per share for the fourth quarter ended December 31, 2000 is not shown, as the diluted loss per share is less than the basic loss per share.

**STAR CRUISES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2000 AND 1999**  
**PREPARED IN ACCORDANCE WITH US GAAP**  
(in thousands of US dollars, except per share and operating data)

	Year ended December 31, 2000			Year ended December 31, 1999	
	Star Cruises (excluding NCL)	NCL (post- acquisition results)	Corporate	STAR CRUISES GROUP	STAR CRUISES GROUP
	unaudited	unaudited	(Note 1)	audited	audited
Revenues	\$ 500,538	\$ 826,205		\$ 1,326,743	\$ 391,685
Costs and expenses					
Operating expenses	(255,224)	(524,912)		(780,136)	(178,714)
Selling, general and administrative expenses	(67,160)	(140,090)	(966)	(208,216)	(52,809)
Depreciation and amortization	(70,246)	(66,359)	(3,451) (Note 2)	(140,056)	(53,305)
Impairment loss	(37,694)	-		(37,694)	-
Total costs and expenses	(430,324)	(731,361)		(1,166,102)	(284,828)
Operating income	70,214	94,844		160,641	106,857
Non-operating income (expense)					
Interest income	5,591	1,897		7,488	4,814
Interest expense, net of capitalized interest	(38,100)	(49,652)	(84,228)	(171,980)	(19,011)
Other income (expense), net	(549)	224		(325)	(83)
Gain (Loss) on foreign exchange and interest rate swaps, net	3,394	(225)		3,169	(1,065)
Income tax expense	(1,264)	(10,632)	(6,411)	(18,307)	(1,303)
Minority interests	-	-	(5,650)	(5,650)	-
Loss from affiliated operation, net	-	-	(748) (Note 3)	(748)	-
Total non-operating expense	(30,928)	(58,388)		(186,353)	(16,648)
Net income (loss) before extraordinary items	39,286	36,456		(25,712)	90,209
Extraordinary items, net of tax benefits	(69)	(708)	(3,137)	(3,914)	-
Net income (loss) after extraordinary items	\$ 39,217	\$ 35,748		\$ (29,626)	\$ 90,209
Earnings (loss) per share in US cents:					
- Basic				(US 0.9 cents)	US 2.9 cents
- Diluted (Note 4)				N/A	US 2.9 cents
Weighted average common stock outstanding after adjusting the effect of bonus issue ('000)				3,212,970	3,122,365
Weighted average common stock outstanding after adjusting the effect of bonus issue and assuming dilution ('000)				3,263,273	3,163,560
<u>Unaudited operating data (Note 5)</u>					
Passenger cruise days	2,715,533	4,020,361		6,735,894	2,040,859
Available capacity days	2,997,349	3,952,504		6,949,853	2,022,404
Occupancy as a percentage of total capacity	91%	102%		97%	101%

Note :

1. The corporate column related to Arrasas Limited interest expense of \$84.2 million and administrative expenses of \$1.0 million together with the fair value adjustments required.
2. Included the goodwill, trade names and trademarks amortization of \$13.9 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. Diluted loss per share for the year ended December 31, 2000 is not shown, as the diluted loss per share is less than the basic loss per share.
5. Passenger cruise days and available capacity days of 4,020,361 and 3,952,504 respectively and the occupancy rate of 102% for NCL were for period from March 2000 to December 2000.

**STAR CRUISES**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNTS**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2000 AND 1999**  
**PREPARED IN ACCORDANCE WITH HK GAAP**

	Fourth Quarter ended 31 December 2000			Fourth Quarter ended 31 December 1999	
	Star Cruises	NCL (post-acquisition results)	Corporate unaudited	STAR CRUISES GROUP	STAR CRUISES GROUP unaudited
	US\$'000	US\$'000	US\$'000 (Note 1)	US\$'000	US\$'000
Turnover	117,403	227,905		345,308	114,435
Cost and Expenses					
Operating expenses (excluding depreciation, amortisation and impairment of fixed asset)	(63,965)	(156,003)		(219,968)	(51,777)
Selling, general and administrative expenses (excluding depreciation)	(17,725)	(40,505)	(283)	(58,513)	(13,170)
Depreciation and amortisation	(18,482)	(19,465)	(1,004) (Note 2)	(38,951)	(15,841)
Impairment of fixed assets	(38,663)	-		(38,663)	-
Total cost and expenses	(138,835)	(215,973)		(356,095)	(80,788)
Operating profit/ (loss)	(21,432)	11,932		(10,787)	33,647
Non-operating expenses					
Interest income	4,685	838		5,523	675
Financial costs	(14,751)	(17,325)	(19,002)	(51,078)	(10,337)
Other non-operating income/ (expenses), net	1,124	(2,124)	(3,137)	(4,137)	40
Total non-operating expense	(8,942)	(18,611)		(49,692)	(9,622)
Profit/ (Loss) before taxation	(30,374)	(6,679)		(60,479)	24,025
Taxation	(223)	1,267	(683)	361	202
Profit/ (Loss) after taxation	(30,597)	(5,412)		(60,118)	24,227
Minority interests	-	-	22	22	-
Net Profit/ (Loss) for the quarter	(30,597)	(5,412)		(60,096)	24,227
<u>Unaudited Operating data</u>					
Passenger Cruise Days	703,661	1,191,709		1,895,370	641,817
Available Capacity Days	797,863	1,206,834		2,004,697	633,475
Occupancy as a percentage of total capacity	88%	99%		95%	101%

Note :

1. The corporate column related to Arrasas Limited's interest expense and administrative expenses together with the fair value adjustments required.
2. Included the goodwill, trade names and trademark amortisation of US\$4.1 million arising from the acquisition of NCL.

**STAR CRUISES**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000 AND 1999**  
**PREPARED IN ACCORDANCE WITH HK GAAP**

	Year ended 31 December 2000			Year ended 31 December 1999	
	Star Cruises	NCL (post- acquisition results)	Corporate	STAR CRUISES GROUP	STAR CRUISES GROUP
	US\$'000	unaudited US\$'000	US\$'000 (Note 1)	audited US\$'000	audited US\$'000
Turnover	500,538	826,205		1,326,743	391,685
Cost and expenses					
Operating expenses (excluding depreciation, amortisation and impairment of fixed asset)	(255,224)	(524,912)		(780,136)	(178,714)
Selling, general and administrative expenses (excluding depreciation)	(67,160)	(140,090)	(966)	(208,216)	(52,809)
Depreciation and amortisation	(70,119)	(66,359)	(3,451) (Note 2)	(139,929)	(53,305)
Impairment of fixed assets	(38,663)	-		(38,663)	-
Total cost and expenses	(431,166)	(731,361)		(1,166,944)	(284,828)
Operating profit	69,372	94,844		159,799	106,857
Non-operating expenses					
Interest income	5,591	1,897		7,488	4,814
Financial costs	(45,214)	(56,070)	(84,228)	(185,512)	(24,846)
Other non-operating income/ (expenses), net	2,776	(984)	(3,137)	(1,345)	(1,148)
Share of losses of associated company	-	-	(748) (Note 3)	(748)	-
Total non-operating expense	(36,847)	(55,157)		(180,117)	(21,180)
Profit/ (Loss) before taxation	32,525	39,687		(20,318)	85,677
Taxation	(1,264)	(10,357)	(6,411)	(18,032)	(1,303)
Profit/ (Loss) after taxation	31,261	29,330		(38,350)	84,374
Minority interests	-	-	(5,650)	(5,650)	-
Net Profit/ (Loss) for the year	31,261	29,330		(44,000)	84,374
<u>Unaudited operating data (Note 4)</u>					
Passenger cruise days	2,715,533	4,020,361		6,735,894	2,040,859
Available capacity days	2,997,349	3,952,504		6,949,853	2,022,404
Occupancy as a percentage of total capacity	91%	102%		97%	101%

Note :

- The corporate column related to Arrasas Limited's interest expense and administrative expenses together with the fair value adjustments required.
- Included the goodwill, trade names and trademark amortisation of US\$13.9 million arising from the acquisition of NCL.
- The share of losses of associated company, net of amortisation of goodwill is for the period of January and February 2000.
- Passenger cruise days and available capacity days of 4,020,361 and 3,952,504 respectively and the occupancy rate of 102% for NCL were for the period from March 2000 to December 2000.