



**PRESS RELEASE
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INTERNATIONAL**

STAR CRUISES GROUP ANNOUNCES SECOND QUARTER EARNINGS FOR 2001

Star Cruises Group, including NCL ("the Group") recorded a net income of US\$4.8 million on revenue of US\$327.2 million for its second quarter ended June 30, 2001, compared to net income of US\$2.5 million on revenue of US\$361.8 million for the same quarter in 2000.

Net income for the six months ended June 30, 2001 was US\$9.2 million on revenue of US\$662.6 million, compared to a net income of US\$3.7 million on revenue of US\$552.5 million for the same period in 2000. The results for the first half of 2001 are not comparable to last year as the acquisition of the majority interest in NCL occurred only in February 2000. On a proforma basis, including January and February 2000 on a like for like comparison, the Group recorded a net income of US\$9.2 million on revenue of US\$662.6 million, compared to a proforma net income of US\$6.7 million on revenue of US\$696.7 million in the same period in 2000.

Year on year revenue for the Group for the second quarter ended June 30, 2001 decreased 9.6% from US\$361.8 million to US\$327.2 million as a result of a decrease of 5.3% in capacity days and a 4.5% decrease in yields, defined as net revenue per capacity day. Revenue for Star Cruises Asia Pacific operations decreased 5.9% due to a decrease of 5.8% in capacity days while yield was maintained at the same level. The decrease in capacity days in the Star Cruises Asia Pacific operations was due to the disposal of m.v. Star Aquarius, m.v. MegaStar Capricorn and m.v. MegaStar Sagittarius, partially offset by the introduction of m.v. Norwegian Star 1 into the Star fleet in November 2000. Revenue for NCL decreased 10.7% quarter on quarter due to a 4.9% decrease in capacity days and a decrease of 9.9% in yields. (The year on year comparison includes Norwegian Capricorn Line in 2000.) The decrease in capacity days in the NCL's fleet was mainly due to a more extensive dry dock schedule than in 2000 plus cancellation of a 7 day Caribbean cruise on s/s Norway and the transfer of m.v. Norwegian Star 1 into the Star Cruises Asia Pacific operations.

Total costs and expenses, excluding non-operating expenses for the quarter decreased 3.7% from US\$309.1 million to US\$297.8 million. However on a per capacity day basis, total costs and expenses increased 1.7% compared with the same quarter last year as the Group continued its program to improve on service quality and safety levels for its fleet.

Operating income for the quarter decreased 44% from US\$52.7 million to US\$29.4 million. The main contributor to the reduced operating income for this quarter was due to price deterioration in the North American market.

Non-operating expenses decreased 50.9% from US\$50.1 million to US\$24.6 million as a result of lower interest expenses, higher interest income and gains on foreign exchange contracts for the period.

MORE ON STAR CRUISES

Star Cruises is the fourth largest cruise line in the world operating a combined fleet of 17 ships with over 20,000 lower berths, with cruises to destinations and islands in Asia-Pacific, North and South America, Caribbean, Alaska, Europe, Mediterranean, Bermuda and Antarctica. By end 2002, with the three ships currently on order, Star Cruises with NCL will have about 28,000 lower berths. Star Cruises is represented in more than 20 locations worldwide with offices in Australia, China, Germany, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Sweden, Taiwan, Thailand, United Kingdom and the United States of America.

For more information on Star Cruises and NCL, please visit www.starcruiises.com and www.ncl.com

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CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2001 AND 2000
PREPARED IN ACCORDANCE WITH US GAAP
(In thousands of US dollars, except per share and operating data)

	Second Quarter ended June 30		Six Months ended June 30	
	<u>2001</u> unaudited	<u>2000</u> unaudited	<u>2001</u> unaudited	<u>2000</u> audited
Revenues	\$ 327,231	\$ 361,790	\$ 662,613	\$ 552,545
Costs and expenses				
Operating expenses	(202,603)	(216,489)	(415,159)	(320,288)
Selling, general and administrative expenses	(57,380)	(55,942)	(117,995)	(86,927)
Depreciation and amortization	(37,815)	(36,693)	(73,938)	(60,496)
Total costs and expenses	<u>(297,798)</u>	<u>(309,124)</u>	<u>(607,092)</u>	<u>(467,711)</u>
Operating income	29,433	52,666	55,521	84,834
Non-operating income (expense)				
Interest income	2,086	697	5,293	1,104
Interest expense, net of capitalized interest	(26,107)	(46,580)	(58,276)	(76,420)
Income tax expense	(2,885)	(2,317)	(466)	(4,430)
Loss from affiliated operation, net	-	-	-	(748)
Other income (expense), net	2,291	(21)	7,176	1,610
Minority interests	-	(1,911)	-	(2,248)
Total non-operating expense	<u>(24,615)</u>	<u>(50,132)</u>	<u>(46,273)</u>	<u>(81,132)</u>
Net income	<u>\$ 4,818</u>	<u>\$ 2,534</u>	<u>\$ 9,248</u>	<u>\$ 3,702</u>
Earnings per share in US cents:				
- Basic	0.12	0.08	0.22	0.12
- Diluted	0.12	0.08	0.22	0.12
Weighted average common stock outstanding ('000)	4,144,062	3,124,164	4,143,683	3,124,157
Weighted average common stock outstanding and assuming dilution ('000)	4,160,541	3,192,366	4,170,273	3,192,947
<u>Unaudited operating data</u>				
Passenger Cruise Days	1,765,362	1,892,788	3,459,543	2,881,640
Capacity Days	1,812,404	1,913,627	3,621,108	2,986,199
Occupancy as a percentage of total capacity	97%	99%	96%	96%

Proforma results for the six months ended June 30, 2000

(unaudited, in thousands of US dollars, except operating data)

	Six Months ended June 30,	
	<u>2001</u>	<u>2000</u>
Reported operating income prepared under US GAAP	\$55,521	\$84,834
<u>Proforma adjustments</u>		
To consolidate 100% of NCL's results from January 1, 2000 as if the acquisition of 100% of NCL had occurred on January 1, 2000	-	15,243
Proforma operating income	<u>\$55,521</u>	<u>\$100,077</u>
Reported net income prepared under US GAAP	\$9,248	\$3,702
<u>Proforma adjustments</u>		
To consolidate 100% of NCL's results from January 1, 2000 as if the acquisition of 100% of NCL had occurred on January 1, 2000	-	3,027
Proforma net income	<u>\$9,248</u>	<u>\$6,729</u>
<u>Operating data</u>	<u>Actual</u>	<u>Proforma</u>
Passenger Cruise Days	3,459,543	3,541,756
Capacity Days	3,621,108	3,703,587
Occupancy as a percentage of total capacity	96%	96%

Note:

The above unaudited proforma results for the six months ended June 30, 2000 have been prepared for illustrative purposes only and exclude any proforma adjustments for increased interest expense on acquisition debts.

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 in November 2000, 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)	Second Quarter ended June 30,		Six Months ended June 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Net income prepared under US GAAP	\$4,818	\$2,534	\$9,248	\$3,702
<u>HK GAAP adjustments :</u>				
Interest capitalisation	(4,065)	(3,506)	(8,682)	(5,309)
Depreciation on interest capitalisation	31	32	62	63
Net profit (loss) prepared under HK GAAP	<u>\$784</u>	<u>(\$940)</u>	<u>\$628</u>	<u>(\$1,544)</u>