PRESS RELEASE | **16 August, 2002**
FOR IMMEDIATE RELEASE | **INTERNATIONAL**

STAR CRUISES GROUP ANNOUNCES IMPROVED SECOND QUARTER AND FIRST HALF EARNINGS FOR 2002

Key points for the quarter and in comparison with Q2 2001:-

- Capacity increased by 15.9% from 1,812,404 to 2,101,350 capacity days
- EBITDA before other expenses increased by 44.6% from US$67.2 million to US$ 97.2 million
- Operating Income increased by 86.8% from US$29.4 million to US$55.0 million
- Net Income increased more than six fold from US$4.8 million to US$29.5 million
- Net revenue yield was up by 1.6%
- Ship Operating Expenses per capacity day reduced by 3.8%
- Selling, General and Administrative Expenses per capacity day decreased by 12.3%

Star Cruises Group

For the second quarter ended June 30, 2002, Star Cruises Group, ("the Group") recorded an improved net income of US$29.5 million as compared with US$4.8 million for the quarter ended June 30, 2001. The better than expected results of the quarter were achieved on the back of a 15.9% higher capacity and a 1.6% increase in net revenue yield whilst occupancy remained at 98%. Net revenue yield is defined as net revenue per capacity day after deducting such costs as commissions and air tickets. In addition, operating, selling, general and administrative expenses per capacity day was 6.3% lower through the greater scale economies from the increased capacity and as cost savings accrue from stringent cost control measures taken in 2001.

The Group's revenue for the quarter ended June 30, 2002 was US$389.8 million, up 19.1% from US$327.2 million reported in last year's second quarter. Net revenue yield in the second quarter improved significantly from an 8.3% decline experienced in the first quarter to an increase of 1.6% despite the disruption to the bookings cycle from the events of September 11.

Ship operating expenses (excluding costs such as commissions and air tickets as they are already factored into the net revenue yield) and selling, general and administrative expenses on a per capacity day basis were 3.8% and 12.3% lower for the quarter ended June 30, 2002 as compared with the same period last year. Despite an increase in fuel costs, the Group still registered a reduction in costs per capacity day, attributable mainly through a combination of cost control initiatives, the rationalization of its cruise operations in North Asia in November 2001 and economies of scale through increased capacity and merging of shoreside operations.

Net income for the first six months of this year rose to US$35.9 million from US$9.2 million for the same period last year. The first half result was achieved on the back of a 15.7% capacity increase, despite a net yield decline of 3.4% whilst occupancy remained at 96%. Net income for the first half of this year was negatively impacted by US$5.9 million of expenses relating to the refinancing of a 5-year syndicated term-loan. Such amount represented the unamortised balance of the extinguished debt issuance costs. For the first six months of last year, the Group recognized a gain of US$7.5 million on foreign exchange contracts. Excluding these events, the net income for the first half of this year would be US$41.8 million as compared with US$1.8 million for the same period last year.

The Group's revenue for the first half of this year was US$757.8 million, up 14.4% from US$662.6 million reported in the same period last year. Net revenue yield deterioration for the six months ended June 30, 2002 following the September 11 incident was lower than previously expected at 3.4% compared with the same period last year.

On a per capacity day basis, ship operating expenses and selling, general and administrative expenses were 6.3% and 15.7% lower for the six months ended June 30, 2002 as compared with the same period last year. The reduction was achieved through a combination of cost control initiatives, the rationalization of its cruise operations in North Asia in November 2001 and economies of scale through increased capacity and merging of shoreside operations.

Star Cruises (excluding NCL)

Star Cruises operated with 6.8% less capacity days in the second quarter ended June 30, 2002 as compared with the same quarter a year ago. The capacity days reduction was primarily due to cessation of cruise operations in Japan resulted in the return of SuperStar Taurus early this year. In addition, Norwegian Star 1 was also returned to her owner in May 2002. This reduction was partially offset by the introduction of Wasa Queen in September 2001 and the rejoining of SuperStar Capricorn into the fleet in January this year. SuperStar Capricorn was previously under charter hire to a third party.

A 3.9% higher net revenue yield was achieved in the second quarter, reflecting the more favourable business conditions regionally.

The ship operating expenses and selling, general and administrative costs decreased 4.2% and 13.5% respectively on a per capacity day basis. The lower cost structure for the quarter is largely attributable to the further tightening of the cost management programme implemented since 1997 and the cessation of the cruise operations in the new Japanese market.

For the first six months of this year, Star Cruises operated with 13.3% lower capacity days as compared with corresponding period in 2001. In addition to the above reasons, the reduction in capacity days was also due partly to the disposal of Star Aquarius, MegaStar Sagittarius and MegaStar Capricorn in the first quarter last year. Yield was essentially unchanged as compared with first six months of last year.

On a per capacity day basis, Star Cruises achieved reductions of 3.6% and 10.3% respectively in the operating expenses and selling, general and administrative expenses for the first six months of this year compared with corresponding period of last year.

Star Cruises will continue to develop the largely untapped Chinese market. The rapidly growing number of outbound passengers from China which registered a 31% increase in first half of 2001 as compared with first half of 2000, and a 128% increase for the first six months of 2002 as compared with the same period in 2001, augurs well for the two ships which are currently deployed to penetrate the homeland cruising China market. Wasa Queen is currently providing a cruise ferry service between Xiamen and Hong Kong and SuperStar Gemini services the North China – South Korea cruise sector.

<u>NCL Group</u>

NCL Group recorded a substantial increase of 30.6% in capacity days for the quarter ended June 30, 2002 compared to the quarter ended June 30, 2001 due primarily to the introduction into service of the purpose built “Freestyle Cruising” ships Norwegian Sun and Norwegian Star in the second half of last year. 2002-second quarter net revenue yield was higher by 3.3%.

Reductions in both ship operating expenses and selling, general and administrative expenses in the second quarter of 2002 on a per capacity day basis were achieved as the NCL Group continued to benefit from the economies of scale from the increase in capacity and the merging of its shoreside operations of Orient Lines and NCL during the last quarter of 2001. Additional cost control measures initiated in the middle of last year and amplified after September 11, 2001 have also added to the overall cost reductions both shipboard and shore side.

For the six months ended June 30, 2002, NCL Group recorded an increase in capacity days of 35.5% as compared with corresponding period in 2001. Net revenue yield was down by 1.4%.

On a per capacity day basis, NCL group achieved reductions of 4.7% and 21.9% respectively in the operating expenses and selling, general and administrative expenses for the first six months of this year compared with corresponding period of last year.

The NCL brand had a good first half, with ships sailing full and yields up on last year. This in spite of the depressing effect on yields of the post-September 11 booking environment with respect to cruises during the first two months of the year. Yields on the wholly overseas destination-oriented deployment of Orient Lines have been significantly impacted by the post-September 11 fall off in international travel and this has brought the blended yield for the NCL/Orient Lines group to a lower point than last year.

Both of the new ships now in service, Norwegian Sun and Norwegian Star, have had a very pleasing first half, with high occupancy and yields and good passenger satisfaction scores. They have also attracted a great deal of consumer and trade press coverage as showcase ships for our Freestyle Cruising concept.

During the second quarter this year, NCL announced the 2003 deployment of Norwegian Sun to Seattle to become the third ship in our Alaska fleet. NCL also was able to move Norwegian Wind in Vancouver from her traditional Monday slot into a vacated Sunday slot, which means all three of its Alaska ships will now have weekend departure days. As NCL has focused the three ships solely on the round-trip Inside Passage itinerary, this will also mean that NCL will be the leading line by capacity in this, the more popular of the two Alaska cruise itineraries.

NCL also recently announced, in a further development to its Homeland Cruising program, that it has been successful in securing a second license to sail to Bermuda from the northeast on weekend departures. There are five such licenses, limited by Bermuda's own cruise tourism policy. This second license will allow NCL to offer Bermuda cruises from both New York and Philadelphia from summer 2003 onwards, in addition to the cruises it currently offers from Boston on the first of the two licenses. The contract with Bermuda will give NCL this New York/Philadelphia license for three years and extend the current Boston license, which was due to expire at the end of 2003, for a further three years through 2006. With two of the largest ships in the Bermuda market, NCL will be the brand with the leading capacity in this important summer market in the northeast. With the addition of Norwegian Dawn in New York offering Bahamas cruises, also next summer, NCL will carry more passengers on cruises out of northeastern US departure points (Boston, New York, and Philadelphia) in 2003 than any other brand.

MORE ON STAR CRUISES

Star Cruises is the fourth largest cruise line in the world presently operating a combined fleet of 19 ships with over 24,000 lower berths, with cruises to destinations and islands in Asia-Pacific, North and South America, Hawaii, Caribbean, Alaska, Europe, Mediterranean, Bermuda and Antarctica under the Star Cruises, Norwegian Cruise Line, Orient Lines and Cruise Ferries brands. By end 2002, with the one ship currently on order, Star Cruises will have over 26,000 lower berths. Star Cruises is represented in more than 20 locations worldwide with offices in Australia, New Zealand, China, Germany, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Norway, Philippines, Singapore, Sweden, Switzerland, Taiwan, Thailand, United Kingdom and the United States of America.

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

For investor relations and editorial, please contact:

MALAYSIA

Gerard Lim
Senior Vice President,
Chief Executive Office
Kuala Lumpur, Malaysia
Tel : (603) 2030 6013
Fax : (603) 2161 3621
Email : gerard@starcruises.com.my

Jane Poh
Vice President,
Corporate Communications
Port Klang, Malaysia
Tel : (603) 3109 2526
Fax : (603) 3101 1479
Email : sjpoh@starcruises.com.my

- end -

Forward-looking statements

This press release contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of Star Cruises Limited (the "Company") about the industry and markets in which the Company and its subsidiaries (the "Group") operate. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Group, are difficult to predict and could cause actual result to differ materially from those express or forecast in the forward-looking statements. Factors that could cause actual result to differ materially from those reflected in the forward-looking statements include general economic and business conditions, changes in cruise industry competition, weather and other factors. Reliance should not be placed on these forward-looking statements, which reflect the view of the Company's directors and management as of the date of this press release only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the release.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2002 AND 2001
PREPARED IN ACCORDANCE WITH US GAAP
(unaudited, in thousands of US dollars, except per share and operating data)

	Second Quarter ended June 30		Six Months ended June 30	
	2002	2001	2002	2001
Revenues	$ 389,756	$ 327,231	$ 757,798	$ 662,613
Costs and expenses				
Operating expenses	(234,227)	(202,603)	(471,407)	(415,159)
Selling, general and administrative Expenses	(58,322)	(57,380)	(115,161)	(117,995)
Depreciation and amortization	(39,290)	(37,815)	(77,535)	(73,938)
Other expenses (see note below)	(2,931)	-	(2,931)	-
Total costs and expenses	(334,770)	(297,798)	(667,034)	(607,092)
Operating income	54,986	29,433	90,764	55,521
Non-operating income (expense)				
Interest income	625	2,086	998	5,293
Interest expense, net of capitalized interest	(23,904)	(26,107)	(47,755)	(58,276)
Income tax expense	(451)	(2,885)	(535)	(466)
Other income (expense), net	(1,723)	2,291	(1,684)	7,176
Total non-operating expense	(25,453)	(24,615)	(48,976)	(46,273)
Net income before extraordinary items	29,533	4,818	41,788	9,248
Extraordinary items, net of tax benefits	-	-	(5,927)	-
Net income	$ 29,533	$ 4,818	$ 35,861	$ 9,248
Earnings per share in US cents:				
- Basic	0.71	0.12	0.86	0.22
- Diluted	0.70	0.12	0.86	0.22
Weighted average common stock outstanding (‘000)	4,187,167	4,144,062	4,167,254	4,143,683
Weighted average common stock outstanding and assuming dilution (‘000)	4,201,989	4,160,541	4,180,589	4,170,273
Operating data				
Passenger Cruise Days	2,060,397	1,765,362	4,023,079	3,459,543
Capacity Days	2,101,350	1,812,404	4,190,292	3,621,108
Occupancy as a percentage of total capacity	98%	97%	96%	96%

Note
Other expenses primarily consisted of additional liability of US$5.4 million mainly in relation to the arbitration settlement award for damages relating to the re-delivery of M/S Leeward and the write back of US$2.5 million in over-provision relating to the early re-delivery of M/S Norwegian Star 1.

Reconciliation of results prepared under US GAAP to HK GAAP

For information on the Group's HK GAAP announcement, kindly visit the Group's website at www.starcruises.com. The following reconciles the Group's results prepared under US GAAP to HK GAAP.

(unaudited, in thousands of US dollars)	Second Quarter ended June 30,		Six Months ended June 30,	
	2002	2001	2002	2001
Net income prepared under US GAAP	$29,533	$4,818	$35,861	$9,248
HK GAAP adjustments :				
Interest capitalization	(718)	(4,065)	(1,466)	(8,682)
Amortization of intangible assets	(4,101)	-	(8,203)	-
Forward contract loss	(2,282)	-	(2,760)	-
Others, net	(147)	31	(466)	62
Net profit prepared under HK GAAP	$22,285	$784	$22,966	$628