



**PRESS RELEASE
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INTERNATIONAL**

STAR CRUISES GROUP ANNOUNCES FOURTH QUARTER AND FULL YEAR 2002 RESULTS

Key points for the year and in comparison with year 2001. Comparison is done on the basis of excluding one-time charges and other non-recurring expenses/(income): -

- Capacity increased by 13.5% from 7,523,849 to 8,542,019 capacity days
- Revenue increased by 13.9% from US\$1.38 billion to US\$1.57 billion
- EBITDA increased by 24.7% from US\$273.2 million to US\$340.6 million
- Operating Income increased by 51.8% from US\$119.5 million to US\$181.4 million
- Net Income increased 349.4% from US\$18.4 million to US\$82.6 million
- Net yield was down by 1.7%
- Ship Operating Expenses excluding fuel costs per capacity day reduced by 5.4%
- Selling, General and Administrative Expenses per capacity day decreased by 11.6%

Key points for the quarter and in comparison with Q4 2001. Comparison is done on the basis of excluding one-time charges and other non-recurring expenses/(income): -

- Capacity increased by 9.0% from 2,034,822 to 2,218,222 capacity days
- Revenue increased by 8.6% from US\$339.1 million to US\$368.4 million
- EBITDA increased by 9.6% from US\$44.5 million to US\$48.8 million
- Operating Income increased by US\$4.2 million from US\$2.7 million to US\$6.9 million
- Net loss reduced 20.6% from US\$23.1 million to US\$18.3 million
- Net yield was down by 1.7%
- Ship Operating Expenses excluding fuel costs per capacity day reduced by 4.5%
- Selling, General and Administrative Expenses per capacity day decreased by 7.7%

Star Cruises Group

For the year ended December 31, 2002, Star Cruises Group (the "Group") recorded a net income of US\$73.1 million as compared with a net loss of US\$8.4 million for the year 2001. The full year result was achieved on the back of a 13.5% capacity increase, despite a net yield decline of 1.7%. The result for the year was boosted by greater scale economies as well as the effect of a continuous focus on cost control. Net income for the year 2002 was negatively impacted by charges of US\$9.5 million, which consisted mainly costs related to the previously disclosed 5-year syndicated debt refinancing and litigation settlement. For the year 2001, in addition to the charges and ship charter termination proceeds mentioned above, the Group also recognized a gain of US\$7.5 million on foreign exchange contracts. Excluding these events, the net income for the year 2002 would be US\$82.6 million as compared with a net income of US\$18.4 million for the year 2001, which represent an increase of 349.4%.

The Group's revenue for the year 2002 was US\$1.57 billion, up 13.9% from US\$1.38 billion reported in the year 2001.

During 2002, the Group has lowered its cost structure significantly, mainly through a combination of continuing cost control measures, the rationalization of its cruise operations, economies of scale through increased capacity and merging of shoreside operations. On a per capacity day basis, excluding fuel costs, ship operating expenses and selling, general and administrative expenses were respectively 5.4% and 11.6% lower for year 2002 as compared with year 2001.

For the fourth quarter ended December 31, 2002, the Group recorded a net loss of US\$19.0 million as compared with a net loss of US\$57.3 million for the quarter ended December 31, 2001. The Group incurred a non-recurring charge of US\$0.6 million in the fourth quarter of 2002. The result in the fourth quarter of 2001 was adversely affected by non-recurring charges of US\$34.2 million. These charges were mainly comprised of US\$30.8 million costs in rationalizing the North Asia operations and an impairment charge of US\$8.4 million which were partly offset by proceeds of US\$5.0 million received from the early termination of a ship charter. Excluding these events, net loss would be US\$18.3 million for the fourth quarter of 2002 as compared with net loss of US\$23.1 million in the fourth quarter of 2001.

The Group's revenue for the quarter ended December 31, 2002 was US\$368.4 million, up 8.6% from US\$339.1 million reported in 2001's fourth quarter. Net yield, defined as net revenue per capacity day after deducting such costs as commissions, air tickets and other direct costs was 1.7% lower.

During fourth quarter of 2002, ship operating expenses, excluding fuel costs, and selling, general and administrative expenses per capacity day were 4.5% down and 7.7% down respectively as compared with the same period in 2001. The cost reductions are being achieved in spite of increased security costs since the September 11 events and the Bali bombing. Ship operating expenses exclude costs such as commissions and air tickets as they are already factored into the net yield.

Star Cruises (excluding NCL)

For year 2002, Star Cruises operated with 11.0% lower capacity days as compared with year 2001. In addition to the above reasons, the cessation of operations of Star Aquarius and two megastar ships in the first quarter of 2001 has also contributed to the reduction in capacity days for year 2002. This reduction was also partially offset by the introduction of Wasa Queen in September 2001. Net yield decreased 0.7% as compared with year 2001.

On a per capacity day basis, excluding fuel costs, Star Cruises achieved reductions of 6.1% and 8.3% respectively in the ship operating expenses and selling, general and administrative expenses for year 2002 compared with year 2001.

For the fourth quarter ended December 31, 2002, Star Cruises operated with 7.3% less capacity days compared with the same quarter in 2001. The reduction in capacity days was primarily due to the return of chartered ships, SuperStar Taurus and Norwegian Star 1 in the first half of 2002, which was partially offset by the introduction into service of SuperStar Capricorn in January 2002.

2002 fourth quarter's net yield was lower by 7.4% as compared with fourth quarter 2001.

Excluding fuel costs, in fourth quarter 2002, ship operating expenses and selling, general and administrative costs reduced 7.8% and 14.9% respectively.

In November 2002, Star Cruises created history in China with the dual arrival of SuperStar Leo and SuperStar Aries in Shanghai. Both ships were berthed alongside the Gao Yang Pier in China and were showcased to government officials, travel trade and media. Following the success in Shanghai, Both SuperStar Leo and SuperStar Aries will be offering several special cruises to Shanghai including overnight stays in 2003.

SuperStar Virgo will be offering several longer itineraries in the coming new cruise season from March – September 2003. SuperStar Virgo will offer Andaman Sea, Straits of Malacca and Gulf of Siam cruises to the major South East Asian islands and destinations of Ho Chi Minh City, Bangkok, Phuket, Penang, Kota Kinabalu, Port Klang (Kuala Lumpur) and Ko Samui from Singapore and Port Klang. These special voyages will also include an overnight stay in Ho Chi Minh City, Bangkok and Phuket which will provide cruisers with more time to discover the attractions of these cities.

NCL Group

For the year 2002, NCL Group recorded an increase in capacity days of 29.0% as compared with the year 2001. Net yield was up 0.3%. Net yield on the NCL brand was up by 3.4% and Orient Lines yield was significantly down resulting in an overall blended yield up by 0.3%.

On a per capacity day basis, excluding fuel costs, NCL Group achieved reductions of 4.3% and 16.5% respectively in the ship operating expenses and selling, general and administrative expenses for year 2002 compared with year 2001.

For the fourth quarter ended December 31, 2002, NCL Group recorded a substantial increase of 18.5% in capacity days compared to the fourth quarter ended December 31, 2001. This increase was due primarily to the introduction of the purpose built "Freestyle Cruising" ship Norwegian Star in mid-November 2001 and Norwegian Dawn in December 2002. 2002-fourth quarter net yield was higher by 5.7% from the fourth quarter in 2001. Net yield on the NCL brand was up by 8.1%. Orient Lines yield net of the positive impact of cancellation income in the fourth quarter of 2001 was actually up by approximately 10% on a like for like basis, but with cancellation income included the year-over-year yield movement was substantially down, resulting in an overall blended yield increase for the NCL Group of 5.7%.

During fourth quarter of 2002, the NCL Group continued to benefit from the economies of scale resulting from increased capacity and the merging of its shoreside operations of Orient Lines and NCL. Both ship operating expenses excluding fuel costs and selling, general and administrative expenses per capacity day were down 2.2% and 7.4% respectively in fourth quarter of 2002 as compared with fourth quarter of 2001.

The NCL brand continues to benefit from positive acceptance of the innovative Freestyle Cruising product and the geographically diverse Homeland Cruising deployment within North America. The new ship, Norwegian Dawn, was introduced to New York area travel agents in December and the reception was highly favorable. As a result of strong pressure from New York area agents, NCL Group has decided to bring forward its plans for a year-round deployment from New York and announced in January 2003 that Norwegian Dawn would be permanently home ported in New York from May this year.

During the quarter, NCL also announced that Crown Odyssey would be transferred out of the Orient Lines brand and into the NCL brand in fall 2003 after undergoing a Freestyle-remodeling. This shift has led in turn to several deployment changes designed to expand NCL's Homeland Cruising program and has resulted in the addition of round trip cruises seasonally from Baltimore, Charleston, and New Orleans, and year-round from Houston, in addition to NCL's already extensive deployment out of non-traditional ports around North America. In 2003, the NCL brand will offer regularly scheduled round trip cruises from 13 different departure cities in the US and Canada.

NCL's Hawaii business also continues to contribute strongly to the overall result. Recent legislative developments in the US have opened up additional opportunities for NCL Group to build on the strong base already established in Hawaii and it is NCL Group's intention to develop a US Flag cruise fleet concentrated in Hawaii in parallel to its existing Bahamas flag fleet.

MORE ON STAR CRUISES

Star Cruises is the fourth largest cruise line in the world presently operating a combined fleet of 20 ships with over 26,000 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. 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.starcruses.com and www.ncl.com respectively.

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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 FOURTH QUARTER AND THE YEAR ENDED DECEMBER 31, 2002 AND 2001
PREPARED IN ACCORDANCE WITH US GAAP
(in thousands of US dollars, except per share and operating data)

	Fourth Quarter ended December 31,		Year ended December 31,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	unaudited	unaudited	audited	audited
Revenues	\$ 368,417	\$ 339,119	\$ 1,573,588	\$ 1,381,566
Costs and expenses				
Operating expenses	(255,587)	(225,960)	(991,260)	(862,408)
Selling, general and administrative expenses	(64,023)	(63,645)	(241,739)	(240,954)
Other non-recurring expenses	(650)	(30,816)	(3,581)	(30,816)
Depreciation and amortization	(41,909)	(41,770)	(159,215)	(153,753)
Impairment loss	-	(8,430)	-	(8,430)
Total costs and expenses	(362,169)	(370,621)	(1,395,795)	(1,296,361)
Operating income (loss)	6,248	(31,502)	177,793	85,205
Non-operating income (expense)				
Interest income	1,061	508	3,325	6,821
Interest expense, net of capitalized interest	(24,602)	(24,910)	(96,646)	(105,132)
Income tax expense	(340)	(952)	(1,475)	(1,759)
Other income (expense), net	(1,321)	(432)	(3,998)	6,450
Total non-operating expense	(25,202)	(25,786)	(98,794)	(93,620)
Net income (loss) before extraordinary items	(18,954)	(57,288)	78,999	(8,415)
Extraordinary items, net of tax benefits	-	-	(5,927)	-
Net income (loss)	<u>\$ (18,954)</u>	<u>\$ (57,288)</u>	<u>\$ 73,072</u>	<u>\$ (8,415)</u>
Earnings (loss) per share in US cents after adjusting the effect of rights issue:				
- Basic	(0.4)	(1.3)	1.7	(0.2)
- Diluted	N/A (note)	N/A (note)	1.6	N/A (note)
Weighted average common stock outstanding after adjusting the effect of rights issue ('000)	4,620,320	4,289,723	4,433,371	4,287,655
Weighted average common stock outstanding and assuming dilution and after adjusting the effect of rights issue ('000)	4,624,984	4,297,047	4,444,997	4,304,818
<u>Unaudited operating data</u>				
Passenger Cruise Days	2,125,833	1,778,127	8,374,271	7,133,949
Capacity Days	2,218,222	2,034,822	8,542,019	7,523,849
Occupancy as a percentage of total capacity	96%	87%	98%	95%

Note: Diluted loss per share for the fourth quarters ended December 31, 2002 and 2001 and the year ended December 31, 2001 are not shown, as the diluted loss per share is less than the basic loss per share.

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.starcruiises.com. The following reconciles the Group's results prepared under US GAAP to HK GAAP.

(in thousands of US dollars)	Fourth Quarter ended December 31,		Year ended December 31,	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net income (loss) prepared under US GAAP	\$ (18,954)	\$ (57,288)	\$ 73,072	\$ (8,415)
<u>HK GAAP adjustments :</u>				
Interest capitalization	(481)	(1,377)	(2,680)	(13,360)
Amortization of intangible assets	(4,101)	-	(16,405)	-
Forward contract gain (loss)	(4,134)	5,056	(2,510)	6,396
Others, net	(2)	(360)	(546)	(664)
Net profit (loss) prepared under HK GAAP	<u>\$ (27,672)</u>	<u>\$ (53,969)</u>	<u>\$ 50,931</u>	<u>\$ (16,043)</u>