Star Cruises Limited
(Continued into Bermuda with limited liability)

ANNOUNCEMENT
RESULTS FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2003

The Directors of Star Cruises Limited ("Company") announce the unaudited consolidated results of the Company and its subsidiary companies ("Group") for the three months and six months ended 30 June 2003 together with the comparative figures for the previous periods as follow:

	Note	Three months ended 30 June		Six months ended 30 June	
		2003 US$'000 unaudited	2002 US$'000 unaudited	2003 US$'000 unaudited	2002 US$'000 unaudited
Turnover	1	368,696	389,756	780,658	757,798
Operating expenses (excluding depreciation and amortisation)		(266,318)	(234,227)	(545,720)	(471,407)
Selling, general and administrative expenses (excluding depreciation)		(62,536)	(61,253)	(125,642)	(118,092)
Depreciation and amortisation		(49,190)	(43,538)	(97,311)	(86,204)
		(378,044)	(339,018)	(768,673)	(675,703)
Operating (loss) / profit	1	(9,348)	50,738	11,985	82,095
Interest income		725	625	1,666	998
Financial costs		(23,266)	(24,622)	(47,638)	(49,221)
Other non-operating income / (expenses), net		259	(4,005)	(2,427)	(10,371)
		(22,282)	(28,002)	(48,399)	(58,594)
(Loss) / Profit before taxation		(31,630)	22,736	(36,414)	23,501
Taxation	2	(437)	(451)	(693)	(535)
Net (loss) / profit for the period		(32,067)	22,285	(37,107)	22,966
Basic (loss) / earnings per share after adjusting for the effect of rights issue (US cents)	3	(0.65)	0.51	(0.75)	0.53
Fully diluted earnings per share after adjusting for the effect of rights issue (US cents)	3	N/A	0.51	N/A	0.53
<u>Operating data</u>					
Passenger Cruise Days		2,053,526	2,060,397	4,182,810	4,023,079
Capacity Days		2,189,339	2,101,350	4,475,846	4,190,292
Occupancy as a percentage of total capacity days		94%	98%	93%	96%

NOTES TO THE ACCOUNTS

1. Turnover and Operating Profit / (Loss)

The Group is principally engaged in the operation of passenger cruise ships.

Turnover consists of revenues earned from cruise and cruise related activities and charter hire. Cruise and cruise related revenue comprises sales of passenger tickets, including, in some cases, air transportation to and from the cruise ship, and revenues from onboard services and other related services, including gaming, food and beverage. Charter hire revenue includes the lease of a catamaran to a third party customer.

The amounts of each significant category of revenue recognised by the Group were as follows:

	TURNOVER			
	Three months ended 30 June		Six months ended 30 June	
	2003 US$'000	2002 US$'000	2003 US$'000	2002 US$'000
	unaudited	unaudited	unaudited	unaudited
Cruise and cruise related activities	367,412	388,255	779,374	756,037
Charter hire	1,284	1,501	1,284	1,761
	368,696	389,756	780,658	757,798

	OPERATING PROFIT / (LOSS)			
	Three months ended 30 June		Six months ended 30 June	
	2003 US$'000	2002 US$'000	2003 US$'000	2002 US$'000
	unaudited	unaudited	unaudited	unaudited
Cruise and cruise related activities	(10,034)	49,930	12,059	81,543
Charter hire	686	808	(74)	552
	(9,348)	50,738	11,985	82,095

The Group's turnover and operating profit/ (loss) in its principal markets of North America and Asia Pacific are analysed as follows:

	TURNOVER			
	Three months ended 30 June		Six months ended 30 June	
	2003 US$'000	2002 US$'000	2003 US$'000	2002 US$'000
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	80,344	121,078	193,394	231,560
North America (note)	259,271	248,845	527,163	479,402
Others	29,081	19,833	60,101	46,836
	368,696	389,756	780,658	757,798

1. Turnover and Operating Profit / (Loss) (Continued)

	OPERATING PROFIT/ (LOSS)			
	Three months ended 30 June		Six months ended 30 June	
	2003 US$'000	2002 US$'000	2003 US$'000	2002 US$'000
	unaudited	unaudited	unaudited	unaudited
Asia Pacific	(14,985)	30,813	(1,843)	50,432
North America (note)	6,765	20,433	16,079	32,961
Others	797	1,771	1,953	3,260
	(7,423)	53,017	16,189	86,653
Amortisation of goodwill	(1,925)	(2,279)	(4,204)	(4,558)
	(9,348)	50,738	11,985	82,095

Note: Substantially, all this turnover and operating profit arises in the United States of America.

2. Taxation

	Three months ended 30 June		Six months ended 30 June	
	2003 US$'000	2002 US$'000	2003 US$'000	2002 US$'000
	unaudited	unaudited	unaudited	unaudited
Overseas taxation				
- Current taxation	419	451	675	535
- Deferred taxation	18	-	18	-
	437	451	693	535

3. Earnings / (Loss) per share

Earnings / (Loss) per share has been calculated as follows:

	Note	Three months ended 30 June		Six months ended 30 June	
		2003 US$'000	2002 US$'000	2003 US$'000	2002 US$'000
		unaudited	unaudited	unaudited	unaudited
BASIC					
Net (loss) / profit		(32,067)	22,285	(37,107)	22,966
Average outstanding ordinary shares in thousands after adjusting for the effect of rights issue		4,946,177	4,331,552	4,946,175	4,310,952
Basic (loss) / earnings per share in US cents	(i)	(0.65)	0.51	(0.75)	0.53
FULLY DILUTED					
Net (loss) / profit		(32,067)	22,285	(37,107)	22,966
Average outstanding ordinary shares in thousands after adjusting for the effect of rights issue		4,946,177	4,331,552	4,946,175	4,310,952
Effect of dilutive ordinary shares in thousands after adjusting for the effect of rights issue		-	15,333	-	13,795
Average outstanding ordinary shares in thousands after adjusting for the effect of rights issue and assuming dilution		4,946,177	4,346,885	4,946,175	4,324,747
Fully diluted earnings per share in US cents	(i) & (ii)	N/A	0.51	N/A	0.53

Notes:

(i) In December 2002, the Company issued 607,420,455 rights shares of US$0.10 each in the proportion of 7 rights shares for every 50 shares held. Accordingly, the Group retroactively restated its basic and diluted earnings per share for the three months and six months ended 30 June 2002 to reflect the effect of the rights issue.

(ii) Diluted loss per share for the three months and six months ended 30 June 2003 are not shown as the share option outstanding during the periods has an anti-dilutive effect on the basic loss per share for the respective period.

INTERIM DIVIDEND

The Directors do not recommend the declaration of any interim dividend in respect of the six months ended 30 June 2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three months ended 30 June 2003 as compared with three months ended 30 June 2002

Turnover

The Group's revenue for the three months ended 30 June 2003 was US$368.7 million, dropped 5.4% from US$389.8 million for the three months ended 30 June 2002 due primarily to the weak passenger demand and booking cancellations resulting from the Iraq conflict and the outbreaks of the Severe Acute Respiratory Syndrome ("SARS"). The combined effects of the Iraq conflict on NCL Group (which consists of Norwegian Cruise Line and Orient Lines brands) and the SARS outbreak which decimated demand in the Asia Pacific segment reduced overall occupancy by 4% and net yield by 13.7% as compared with second quarter last year. Net yield is defined as net revenue per capacity day after deducting such costs as commissions, air tickets and other direct costs.

Star Cruises Asia Pacific operated with 10.1% less capacity days in the three months ended 30 June 2003 compared to the three months ended 30 June 2002 primarily because of reduced trading days due to ship relocations to non-SARS affected areas. Occupancy and net yield in second quarter was 15% and 32% lower respectively as compared with second quarter last year.

NCL Group recorded an increase in capacity days of 10.8% for the three months ended 30 June 2003 as compared to the three months ended 30 June 2002. The increase in capacity days was primarily due to the introduction into service of the purpose built "Freestyle Cruising" m.v. Norwegian Dawn in December 2002. Net yield decreased by 4.3% as compared with the same quarter of last year.

Cost and expenses

Total costs and expenses before interest and non-operating items for the three months ended 30 June 2003 amounted to US$378.0 million as compared with US$339.0 million for the three months ended 30 June 2002.

Ship operating expenses (excluding costs such as commissions, air tickets and other direct costs as they are already factored into the net yield) increased by 12.4% for the three months ended 30 June 2003 as compared with the same period in 2002. In large part, this was due to the 4.2% capacity expansion and the ship redeployment costs as a result of business decisions taken to mitigate the impact of SARS. Also in second quarter this year, the Group incurred US$3.9 million net expenses in connection with SS Norway boiler accident.

Selling, general and administrative (SG&A) expenses increased 7.2% as compared with the same period last year. In the second quarter, Star Cruises Asia Pacific spent about US$0.7 million in streamlining the operations. In addition, heavy advertising and promotional expenses were also incurred to introduce at short notice the two megaships in Australia during their temporary deployment there. In the three months ended 30 June 2002, there was a net other expense of US$2.9 million for M/S Leeward settlement expenses, net of amount received for the re-delivery of M/S Norwegian Star 1.

Depreciation and amortisation expenses increased US$5.7 million from US$43.5 million for the three months ended 30 June 2002 to US$49.2 million for the three months ended 30 June 2003. The increase was primarily due to additional depreciation associated with the introduction of Norwegian Dawn in December 2002 and ship refurbishment and drydocking expenditure during the period.

Operating profit / (loss)

As a result of weak passenger demand resulting from the Iraq conflict and the outbreak of SARS, the Group suffered an operating loss of US$9.3 million for the three months ended 30 June 2003. This compare to an operating profit of US$50.7 million for the three months ended 30 June 2002.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Non-operating income/(expense)

Non-operating expenses fell 20.4% to US$22.3 million for the three months ended 30 June 2003 compared with US$28.0 million for the three months ended 30 June 2002. During the three months ended 30 June 2003, the Group had a non-cash gain on forward contracts amounting to US$1.4 million as compared to a non-cash loss on forward contracts of US$2.8 million in the second quarter of 2002. The non-cash gain on forward contracts resulted primarily from the softening of the Singapore dollar against the US dollar during the quarter. Net interest expenses for the three months ended 30 June 2003 reduced compared with the same period last year as the Group benefited from lower interest rates despite higher average outstanding debts.

Profit / (Loss) before taxation

Loss before taxation for the three months ended 30 June 2003 was US$31.6 million, as compared to profit before taxation of US$22.7 million for the three months ended 30 June 2002.

Taxation

The Group incurred taxation expenses of US$0.4 million for the three months ended 30 June 2003 as compared with US$0.5 million for the same period in 2002.

Net loss attributable to shareholders

The Group recorded a net loss attributable to shareholders of US$32.1 million for the three months ended 30 June 2003.

Liquidity and capital resources

Sources and uses of funds

The majority of the cash and cash equivalents are held in U.S. dollars. For the three months ended 30 June 2003, cash and cash equivalents decreased to US$230.7 million from US$298.0 million as at 31 March 2003. The Group's business provided US$58.8 million of net cash from operating activities for the three months ended 30 June 2003 as compared to US$113.6 million for the three months ended 30 June 2002. The decrease in net cash generated from operating activities was primarily due to losses during the quarter.

During the three months ended 30 June 2003, the Group's capital expenditure was approximately US$90.9 million. Approximately US$61.9 million of the capital expenditure was related to capacity expansion and the remaining was mainly for the vessel refurbishments, drydocking and onboard assets.

The Group made scheduled principal repayments of US$63.8 million in relation to its long-term bank loans during the three months ended 30 June 2003. The Group drewdown €31 million (equivalent to approximately US$36.2 million) under the €298 million secured term loan agreements signed in April 2003 to pay the shipyard to complete the ship, Pride of America.

Six months ended 30 June 2003 as compared with six months ended 30 June 2002

Turnover

The Group's revenue for the six months ended 30 June 2003 was US$780.7 million, up 3.0% from US$757.8 million for the six months ended 30 June 2002. During the first six months of 2003, capacity increased by 6.8%. Net revenue yield deteriorated 6.1% for the six months ended 30 June 2003 as compared with same period last year. The increase in the revenue was primarily due to the increased capacity partially offset by the weak passenger demand in the second quarter this year.

Star Cruises Asia Pacific operated with 2.9% less capacity days in the six months ended 30 June 2003 compared to the six months ended 30 June 2002. Net yield decreased 15.8% for the six months ended 30 June 2003 as compared with the same period a year ago.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

NCL Group recorded an increase in capacity days of 11.1% for the six months ended 30 June 2003 as compared to the six months ended 30 June 2002. Net yield was only down by 0.5%.

Cost and expenses

Total costs and expenses before interest and non-operating items for the six months ended 30 June 2003 amounted to US$768.7 million as compared with US$675.7 million for the six months ended 30 June 2002.

The ship operating expenses increased 17% for the six months ended 30 June 2003 as compared with the same period in 2002. This increase was primarily due to higher fuel prices, the 6.8% capacity expansion as well as the ship relocation costs. Beside the ship operating expenses, there was also a US$3.9 million net expense in connection with SS Norway boiler accident.

SG&A expenses increased 9.1% as compared with the same period last year. The increase in SG&A expenses for the six months ended 30 June 2003 was primarily due to the streamlining costs as well as the heavy advertising and promotional costs to introduce at short notice the two megaships in Australia. Included in the SG&A expenses for the six months ended 30 June 2002 was a net other expense of US$2.9 million for M/S Leeward settlement expenses, net of amount received for the re-delivery of M/S Norwegian Star 1.

Depreciation and amortisation expenses increased US$11.1 million from US$86.2 million for the six months ended 30 June 2002 to US$97.3 million for the six months ended 30 June 2003. The increase was primarily due to additional depreciation associated with the addition of ships and ship refurbishment and drydocking expenditure during the period.

Operating profit

As a result of weak passenger demand resulting from the Iraq conflict and the outbreak of SARS in the second quarter this year, the Group recorded an operating profit of only US$12.0 million for the six months ended 30 June 2003 as compared to US$82.1 million for the six months ended 30 June 2002.

Non-operating income/(expense)

Non-operating expenses fell 17.4% to US$48.4 million for the six months ended 30 June 2003 from US$58.6 million for the six months ended 30 June 2002. During the six months ended 30 June 2003, the Group had a non-cash gain on forward contracts amounted to US$3.2 million as compared to a non-cash loss on forward contracts of US$3.4 million in the same period last year. The non-cash gain on forward contracts resulted primarily from the softening of the Singapore dollar against the US dollar during the six months ended 30 June 2003. The Group also recorded losses on extinguishment of debts of approximately US$5.9 million in the six months ended 30 June 2002. Net interest expenses for the six months ended 30 June 2003 reduced compared with same period last year as the Group benefited from the lower interest rates despite higher average outstanding debts.

Profit/(Loss) before taxation

Loss before taxation for the six months ended 30 June 2003 was US$36.4 million, as compared to profit before taxation of US$23.5 million for the six months ended 30 June 2002.

Taxation

The Group incurred taxation expenses of US$0.7 million for the six months ended 30 June 2003 as compared with US$0.5 million for the same period in 2002.

Net loss attributable to shareholders

The Group recorded a net loss attributable to shareholders of US$37.1 million for the six months ended 30 June 2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Liquidity and capital resources

Sources and uses of funds

For the six months ended 30 June 2003, cash and cash equivalents decreased to US$230.7 million from US$417.0 million as at 31 December 2002. The Group's business provided US$77.3 million of net cash from operating activities for the six months ended 30 June 2003 as compared to US$155.7 million for the six months ended 30 June 2002. The decrease in net cash generated from operating activities was primarily due to losses during the six months ended 30 June 2003.

During the six months ended 30 June 2003, the Group's capital expenditure was approximately US$138.3 million. Approximately US$83.8 million of the capital expenditure was related to capacity expansion and the remaining was mainly for the vessel refurbishments, drydocking and onboard assets.

The Group made scheduled principal repayments of US$103.3 million in relation to its long-term bank loans during the six months ended 30 June 2003. The Group drewdown €31 million (equivalent to approximately US$36.2 million) under the €298 million secured term loan agreements signed in April 2003 to pay the shipyard to complete the ship, Pride of America. Restricted cash increased approximately US$52.1 million due to amounts withheld by the previous credit card processor and was at approximately US$102.8 million as at 30 June 2003.

Contingent liability

In connection with the tragic accident that occurred aboard the SS Norway on 25 May 2003, several personal injury and wrongful death claims have been filed against Norwegian Cruise Line Limited ("NCLL"). NCLL is defending these claims and has negotiated settlements with two claimants thus far. In the opinion of management, additional provision will be unnecessary to cover the outcome of the balance of these claims.

Significant subsequent event

On 9 July 2003, Norwegian Sun Limited, an indirect wholly-owned subsidiary of the Company, as borrower signed an agreement with a syndicate of banks to provide up to US$225 million to refinance the outstanding balance of US$225 million M/S Norwegian Sun Post-delivery Loan. On 16 July 2003, the Group drewdown US$225 million and fully repaid the outstanding balance of US$225 million M/S Norwegian Sun Post-delivery Loan and the balance of US$9.4 million was paid to the Group.

Prospects

In Asia Pacific, with the SuperStar Leo's and SuperStar Virgo's return in late July 2003 to Hong Kong and Singapore respectively, following the abatement of SARS in these two hubs, the initial response in both markets have been very encouraging. The tremendous support of the respective local government and relevant authorities augurs well for a rapid return to normalcy for Star Cruises Asia Pacific business.

For NCL Group, the overall outlook for the remainder of the year is somewhat more optimistic than for the first half although a number of additional costs items related to the new Hawaii operation will begin to hit in the second half. There will also be the unexpected negative impact of the Norway withdrawal, currently estimated to be about US$7 million reduced profits in the second half in addition to the US$3.9 million non-recurring costs already booked in the first half. The summer season generally is going well, with good passage revenues and on board revenues on most of the ships throughout the third quarter. The fourth quarter is now booking well but a large portion of it was sold at discounted prices earlier in the year in an effort to catch up with the considerable shortfall in bookings resulting from the poor demand in the so-called Wave Period earlier in the year.

A bright spot in both second quarter and the first half is that NCL new ships continue to perform extremely well and compare favourably in both revenues and operating costs with the industry generally. The forward picture on these ships particularly continues to be encouraging.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Other than as disclosed above, the Directors are not aware of any other material changes to the information in relation to the Group's performance and the material factors underlying its result and financial position published in the annual report for the year ended 31 December 2002 and the interim report for the three months ended 31 March 2003.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the six months ended 30 June 2003, save for the issue of 39,500 new ordinary shares of US$0.10 each at an aggregate price of US$10,712 pursuant to the exercise of options granted under the Pre-listing Employee Share Option Scheme.

CORPORATE GOVERNANCE

In compliance with the Code of Best Practice stipulated in Appendix 14 of the Listing Rules (the "Code of Best Practice"), the Company has established an Audit Committee with written terms of reference with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness of the external and internal audit and of internal controls and risk evaluation. The Audit Committee comprises the three Independent Non-executive Directors of the Company, namely, Mr. Alan Howard Smith, J.P., Mr. Tan Boon Seng and Mr. Lim Lay Leng. The Audit Committee has reviewed these results.

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not at any time during the six months ended 30 June 2003, in compliance with the Code of Best Practice, except that Independent Non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company.

PUBLICATION OF FINANCIAL INFORMATION

All the information required by paragraphs 46(1) to 46(6) inclusive in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be available for publication in the website of the Stock Exchange as soon as practicable.

On behalf of the Board

TAN SRI LIM KOK THAY
Chairman, President and Chief Executive Officer
Hong Kong, 19 August 2003

Note:
The Group prepares financial statements in accordance with Hong Kong GAAP given its listing on The Stock Exchange of Hong Kong Limited. Management continues to prepare financial statements in accordance with US GAAP given that this was the basis historically and most global cruise companies prepare their financial statements in accordance with US GAAP. For information on the Group's US GAAP announcement, kindly visit the Group's website at www.starcruises.com

Forward-looking statements
This announcement 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 the Company about the industry and markets in which the Group operates. 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 expressed 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 announcement only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the release of this announcement.