US GAAP RESULTS RELEASE	**18 August 2004**
FOR IMMEDIATE RELEASE	**INTERNATIONAL**

STAR CRUISES GROUP ANNOUNCES SECOND QUARTER AND FIRST HALF RESULTS FOR 2004

Key points for the quarter and in comparison with 2Q 2003: -

- Capacity decreased by 13.7% from 2.2 million to 1.9 million capacity days
- Net revenue increased by 5.5%
- Net revenue yield increased by 22.3%
- EBITDA increased by 49.2% from US$43.8 million to US$65.3 million
- Operating income was US$21.7 million, up from an operating loss of US$5.2 million
- Net income was US$2.3 million, up from a net loss of US$29.0 million
- Ship Operating Expenses per capacity day were up by 12.4%
- Selling, General and Administrative Expenses ("SG&A") per capacity day were up by 13.3%

Key points for the first half and in comparison with 1H 2003: -

- Capacity decreased by 10.4% from 4.5 million to 4.0 million capacity days
- Net revenue increased marginally by 0.7%
- Net revenue yield was up by 12.3%
- EBITDA increased by 17.7% from US$113.2 million to US$133.2 million
- Operating income increased by 116.3% from US$20.7 million to US$44.7 million
- Net income was US$3.5 million, up from a net loss of US$31.2 million
- Ship Operating Expenses per capacity day were up by 4.6%
- SG&A expenses per capacity day were up by 16.1%

- *Net revenue yield represents net revenue per capacity day after deducting such costs as commissions, air ticket costs and other direct costs.*
- *Ship operating expenses represent operating expenses excluding such costs as commissions, air ticket costs and other direct costs.*
- *EBITDA represents earnings before interest, taxation, depreciation and amortization and excluding non-recurring expenses.*

<u>Star Cruises Group</u>

For 2Q 2004, Star Cruises Group ("the Group") recorded a net income of US$2.3 million as compared with a net loss of US$29.0 million in 2Q 2003. The Group's 2Q 2003 performance was severely affected by the impact from the Iraq conflict and the outbreak of Severe Acute Respiratory Syndrome ("SARS").

Included in 2Q 2004 result was a US$3.2 million non-recurring charge for custom fines on *m.v. Norwegian Star* resulting from necessary alterations to the ship's Hawaii/Fanning Island itinerary in response to a problem with the Azipod propulsion system. In 2Q 2003, the Group incurred a US$3.9 million non-recurring charge in connection with the *s/s Norway* boiler accident.

The Group net revenue for 2Q 2004 was 5.5% higher as compared with 2Q 2003 despite a 13.7% decrease in capacity. Net revenue yield was up by 22.3% and occupancy level increased from 93.8% in 2Q 2003 to 106.4% in 2Q 2004. The capacity reduction resulted mainly from the decommissioning of *s/s Norway,* the scheduled drydocking of *m.v. Norwegian Star*, *m.v. Norwegian Sun* and *m.v. Pride of Aloha* and the disposal of *m.v. SuperStar Capricorn* and *m.v. SuperStar Aries*.

2Q 2004 ship operating expenses per capacity day were 12.4% higher. This was largely due to 1) approximately 135,000 capacity days out of service for dry docks on three of the largest ships, 2) continued start up costs for NCL America and 3) lay up expenses of the out-of-service *s/s Norway*. Increased costs were partially offset by lower fuel costs. Fuel costs were down by approximately 3.5% on a per capacity day basis. Although the price of fuel has risen, the Group's overall fuel cost per capacity day has declined due to the withdrawal of various fuel inefficient ships, notably s/s *Norway* and *m.v. SuperStar Aries,* as well as cessation of the fuel-intensive Hawaii/Fanning Island itinerary as of April this year. In 2Q 2003, the Group had ship deployment costs for two megaships to Australia to mitigate the impact of SARS. Excluding these expenses, the ship operating expenses per capacity day was 7.7% higher.

SG&A expenses per capacity day were up 13.3% as compared with 2Q 2003. Increased advertising expenses and start-up costs to introduce the NCL America brand in Hawaii, coupled with the reduction in capacity pushed the SG&A costs on a per capacity day basis up. In 2Q 2003, the Group incurred charges to streamline the Asia Pacific operations and advertised heavily the two megaships in Australia. SG&A expenses per capacity day excluding these expenses in both 2Q 2004 and 2003 was 5.2% higher.

Net income for 1H 2004 was US$3.5 million as compared to a net loss of US$31.2 million for 1H 2003.

The Group net revenue for 1H 2004 was 0.7% higher as compared with 1H 2003 despite a 10.4% decrease in capacity. Net revenue yield was up by 12.3% in 1H 2004 as compared with 1H 2003 and occupancy level increased from 93.5% in 1H 2003 to 101.6% in 1H 2004.

On a per capacity day basis, total ship operating and SG&A expenses were 7.7% higher for 1H 2004 as compared with 1H 2003. In large part, this was due to US$26.5 million of expenses relating to the NCL America operations in Hawaii and lay up expenses of *s/s Norway*. Fuel costs, however, down by approximately 8.7% on a per capacity day basis for 1H 2004 as compared with 1H 2003. Excluding these expenses mentioned above, the ship operating and SG&A expenses per capacity day were 2.6% higher.

On July 9, 2004, NCL Corporation Ltd ("NCLC"), a wholly owned subsidiary of Star Cruises, and holding company for all of the Group's North American-based activities, announced a US$250 million 10-year Senior Notes issue. The Senior Notes issue was completed on July 15, 2004. On July 16, 2004, NCLC announced a new US$800 million six-year commercial bank facility comprising a US$300 million term loan and a US$500 million revolving credit facility. NCLC used the net proceeds of this US$1.05 billion fund raising exercise 1) to repay the term loans on *m.v. Norwegian Star* and *m.v. Norwegian Sky*, 2) to purchase *m.v. SuperStar Leo* (renamed *m.v. Norwegian Spirit*) from Star Cruises, and 3) to increase liquidity for general corporate purposes and new ship building. Currently, NCLC had liquidity (cash and undrawn availability on the revolving credit facility) of approximately US$460 million in excess of its future obligations on ships under construction.

Cash received by Star Cruises from NCLC for the purchase of *m.v. SuperStar Leo* was used 1) to repay the term loan on *m.v. SuperStar Leo* and 2) to pay down US$149.8 million of the US$450 million corporate facility.

Star Cruises (excluding NCL)

In 2Q 2004, Star Cruises operated with 29.5% lower capacity days as compared with 2Q 2003. The lower capacity days were mainly the result of the disposal of two ships mentioned above and the transfer of *m.v. Norwegian Spirit* to the NCL Group. Occupancy for 2Q 2004 was 109.2%, up from 67.5% in 2Q 2003. Net revenue yield in 2Q 2004 was 75.6% higher as compared with 2Q 2003. 2Q 2003 net revenue yield and occupancy were severely affected by the outbreak of SARS. Compared with 2Q 2002, the 2Q 2004 net revenue yield was 20.2% higher. On a per capacity day basis, ship operating and SG&A expenses increased 5.6% in 2Q 2004 as compared with 2Q 2003. The SG&A costs per capacity day has increased as a result of the impact of the capacity reduction. The negative scale effect had been mitigated by cost reduction measures taken during this period.

For 1H 2004, capacity was 16.3% lower as compared with 1H 2003. Net revenue yield was 30.1% higher as compared with 1H 2003 and 9.6% higher as compared with 1H 2002. The occupancy levels increased to 91.6% in 1H 2004 from 68.1% and 80.7% for 1H 2003 and 1H 2002 respectively. Ship operating and SG&A expenses per capacity day decreased 1.0% as compared with 1H 2003 primarily due to lower fuel costs partially offset by the higher SG&A costs per capacity day for the reasons mentioned above. Fuel costs on a capacity day basis were 10.7% lower as compared with 1H 2003.

The improved net revenue yield resulting from the disposal of the older and less cost efficient ships more than offset the increased SG&A costs per capacity day as a result of the negative scale from the corresponding capacity reduction. This re-affirms the Asian fleet rejuvenation strategy.

<u>NCL Group</u>

In 2Q 2004, the NCL Group operated with 7.8% lower capacity days as compared with 2Q 2003. Total capacity was 1.47 million capacity days. The lower capacity was the result of three large ships being in dry dock for a total of approximately 135,000 capacity days out of service. In 2Q 2003, *s/s Norway* was removed from service at the end of May and in 2Q 2004, *m.v. Norwegian Spirit* joined the fleet. As two ships of roughly equal passenger capacity, the exit of one and introduction of the other had an essentially neutral effect on capacity year over year at the NCL level.

Occupancy for 2Q 2004 was 105.6%, up from 103.6% last year. Net revenue yield in 2Q 2004 was 9.1% up on last year. On a per capacity day basis, ship operating and SG&A expenses increased 14.9% and 13.0% respectively in 2Q 2004 as compared with 2Q 2003. Both categories of cost have increased primarily as a result of the start-up costs incurred in the new NCL America venture, and partially (on a capacity day basis) because of the reduced capacity overall. Absent the US flag start up costs, ship operating costs per capacity day were up 8.2% and SG&A costs were up 0.3%. Per capacity day ship operating costs at this level were impacted by the significant out-of-service capacity in dry dock during the quarter and to a lesser degree by higher repairs and maintenance costs on *m.v. Norwegian Dream,* which experienced an engine breakdown, and *m.v. Norwegian Star,* which incurred additional costs in repairing the damaged Azipod propulsion units in dry dock.

For 1H 2004, capacity was 8.1% lower as compared with 1H 2003. Occupancy was 105.1% versus 103.1% last year. Net revenue yield was 6.6% higher as compared with 1H 2003. Ship operating and SG&A expenses per capacity day increased 7.0% and 20.1% respectively as compared with 1H 2003 primarily due to start-up costs of the US flag operation. Absent the US flag start-up costs, ship operating costs on the balance of the fleet increased 2.5% per capacity day and SG&A costs increased 7.3% per capacity day.

The big new ships continued to perform well. The addition of *m.v. Norwegian Spirit* to the fleet for the second half of the year, and the successful relaunch of *m.v. Norwegian Sky* as *m.v. Pride of Aloha,* will mean that the NCL Group is operating five big new ships in the second half of the year.

The new Hawaii operation commenced service on July 4 and is very well booked at high per diems for the remainder of the year and into next year. Initial operational challenges with an all-new US crew are progressively being addressed and this new trade has very encouraging potential.

Regarding *m.v. Pride of America,* settlement was reached in June among the shipyard, the shipyard's lenders, the insurers, the court-appointed receiver, NCL, and NCL's lenders. Repair and completion work has recommenced and the ship is now scheduled for delivery on June 6, 2005.

ABOUT STAR CRUISES GROUP

Star Cruises, the third largest cruise line in the world is a global cruise brand presently operating a combined fleet of 17 ships with over 22,000 lower berths, with cruises to destinations and islands in Asia-Pacific, North and South America, Hawaii, Caribbean, Alaska, Europe, Mediterranean, Bermuda and the Antarctica under the Star Cruises, Norwegian Cruise Line, NCL America, Orient Lines and Cruise Ferries brands.

Star Cruises is represented in more than 20 locations worldwide with offices in Australia, China, Germany, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Norway, Philippines, Singapore, Sweden, Switzerland, Taiwan, Thailand, United Arab Emirates, 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

For investor relations and editorial, please contact:

MALAYSIA

Gerard Lim
Chief Financial Officer
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) 3109 2686
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, 2004 AND 2003
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,	
	2004	2003	2004	2003
Revenues	$ 376,928	$ 368,696	$ 767,675	$ 780,658
Costs and expenses				
Operating expenses	(250,494)	(262,386)	(503,699)	(541,788)
Selling, general and administrative expenses	(61,112)	(62,536)	(130,751)	(125,642)
Depreciation and amortization	(40,418)	(45,019)	(84,158)	(88,615)
Other expenses	(3,174)	(3,932)	(4,331)	(3,932)
Total costs and expenses	(355,198)	(373,873)	(722,939)	(759,977)
Operating income (loss)	21,730	(5,177)	44,736	20,681
Non-operating income (expense)				
Interest income	631	725	1,275	1,666
Interest expense, net of capitalized interest	(21,290)	(23,266)	(42,374)	(47,638)
Income tax expense	(895)	(437)	(706)	(693)
Other income (expense), net	2,127	(808)	615	(5,177)
Total non-operating expense	(19,427)	(23,786)	(41,190)	(51,842)
Net income (loss)	$ 2,303	$ (28,963)	$ 3,546	$ (31,161)
Earnings (Loss) per share in US cents:				
- Basic	0.04	(0.59)	0.07	(0.63)
- Diluted	0.04	N/A (note)	0.06	N/A (note)
Weighted average common stock outstanding ('000)	5,293,202	4,946,177	5,293,171	4,946,175
Weighted average common stock outstanding and assuming dilution ('000)	5,731,485	4,946,177	5,732,318	4,946,175
Operating data				
Passenger Cruise Days	2,010,013	2,053,526	4,075,323	4,182,810
Capacity Days	1,888,881	2,189,339	4,010,899	4,475,846
Occupancy as a percentage of capacity days	106%	94%	102%	93%

Note: Diluted loss per share for the second quarter and six months ended June 30, 2003 are not shown, as the stock option outstanding during the periods has an anti-dilutive effect on the basic loss per share for the respective periods.

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,	
	2004	2003	2004	2003
Net income (loss) under US GAAP	$ 2,303	$ (28,963)	$ 3,546	$ (31,161)
HK GAAP adjustments:				
Interest capitalization	(1,612)	-	(2,615)	-
Forward contract gain (loss)	611	1,067	(670)	2,750
Amortization of intangible assets	(4,116)	(3,747)	(8,232)	(7,849)
Changes in the fair value of financial derivatives	(5,400)	-	(9,000)	-
Others, net	(787)	(424)	(1,210)	(847)
Net loss under HK GAAP	$ (9,001)	$ (32,067)	$ (18,181)	$ (37,107)