



Star Cruises Limited
(Continued into Bermuda with limited liability)

ANNOUNCEMENT
RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2001

The Directors of Star Cruises Limited ("Company") announce the unaudited consolidated results of the Company and its subsidiary companies ("Group") for the three months ended 31 March 2001 together with the comparative figures for the previous period as follows:

	Note	Three months ended 31 March	
		2001 US\$'000 unaudited	2000 US\$'000 unaudited
Turnover	1	335,382	190,755
Operating expenses (excluding depreciation and amortisation)		(212,556)	(103,799)
Selling, general and administrative expenses (excluding depreciation)		(60,615)	(30,985)
Depreciation and amortisation		(36,092)	(23,772)
		<u>(309,263)</u>	<u>(158,556)</u>
Operating profit	1	26,119	32,199
Interest income		3,207	407
Financial costs		(36,786)	(31,643)
Other non-operating income, net		4,885	1,631
Share of losses of associated company		—	(748)
		<u>(28,694)</u>	<u>(30,353)</u>
(Loss)/ Profit before taxation		(2,575)	1,846
Taxation	2	2,419	(2,113)
Loss after taxation		(156)	(267)
Minority interests		—	(337)
Net loss for the period		<u>(156)</u>	<u>(604)</u>
Basic loss per share (US cents)	3	(US0.004 cents)	(US0.019 cents)
Fully diluted loss per share (US cents)*	3	N/A	N/A
Operating data			
Passenger Cruise Days		1,694,181	988,852
Available Capacity Days		1,808,704	1,072,572
Occupancy as a percentage of total capacity		94%	92%

* Diluted loss per share for the three months ended 31 March 2001 and 2000 is not shown as the diluted loss per share is less than the basic loss per share.

NOTES TO THE ACCOUNTS

1. Turnover and Operating Profit

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 revenue from onboard services and other related services, including gaming, food and beverage. Charter hire revenue includes the lease operation of one passenger cruise ship and a catamaran to third party customers.

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

	unaudited		unaudited	
	TURNOVER		OPERATING PROFIT	
	Three months ended 31 March 2001	Three months ended 31 March 2000	Three months ended 31 March 2001	Three months ended 31 March 2000
	US\$'000	US\$'000	US\$'000	US\$'000
Cruise and cruise related activities	332,706	188,021	24,868	31,158
Charter hire	2,676	2,734	1,251	1,041
	<u>335,382</u>	<u>190,755</u>	<u>26,119</u>	<u>32,199</u>

The Group's turnover in its principal markets of North America, Asia Pacific and Europe is analysed as follows:

	unaudited		unaudited	
	TURNOVER		OPERATING PROFIT/(LOSS)	
	Three months ended 31 March 2001	Three months ended 31 March 2000	Three months ended 31 March 2001	Three months ended 31 March 2000
	US\$'000	US\$'000	US\$'000	US\$'000
Asia Pacific	131,944	112,082	28,032	24,727
North America (note)	179,013	70,963	(1,683)	6,794
Europe	19,920	7,710	(188)	678
Others	4,505	—	(42)	—
	<u>335,382</u>	<u>190,755</u>	<u>26,119</u>	<u>32,199</u>

Note: Substantially all this turnover arises in the United States of America.

2. Taxation

	unaudited	
	Three months ended 31 March 2001	Three months ended 31 March 2000
	US\$'000	US\$'000
Overseas taxation:		
- Current taxation	—	221
- Deferred taxation	(2,640)	1,894
	<u>(2,419)</u>	<u>2,113</u>

3. Loss per share

Loss per share has been calculated as follows:

	unaudited	
	Three months ended 31 March 2001	Three months ended 31 March 2000
	US\$'000	US\$'000
BASIC		
Net loss	(156)	(604)
Average outstanding ordinary shares in thousands	4,143,299	3,123,540
Basic loss per share in US cents	<u>(US 0.004 cents)</u>	<u>(US 0.019 cents)</u>

(i) The loss per share for the three months ended 31 March 2000 has been restated to reflect the bonus issue of new ordinary share of US\$0.10 each credited as fully paid up on the basis of four new ordinary shares for every one existing ordinary share in August 2000.

(ii) Diluted loss per share for the three months ended 31 March 2001 and 2000 is not shown as the diluted loss per share is less than the basic loss per share.

INTERIM DIVIDEND

The Directors do not recommend the declaration of any interim dividend in respect of the three months ended 31 March 2001.

FINANCIAL REVIEW

For the three months ended 31 March 2001, the Group recorded a net loss of US\$0.2 million compared to US\$0.6 million for the same period in 2000.

Results for the three months ended 31 March 2001 as compared with proforma results for the three months ended 31 March 2000

The results for the three months ended 31 March 2001 is not comparable to 2000 as the Group consolidated the results of NCL Holding ASA ("NCL") which was acquired over the period December 1999 to February 2000, with effect from 1 March 2000. On a

proforma basis, including NCL's result for January and February 2000 on a like to like basis, the Group recorded a net loss of US\$0.2 million compared to a proforma net loss of US\$0.1 million in the same period in 2000.

Proforma results for the three months ended 31 March 2000 is as follows:

	Three months ended 31 March 2000	
	US\$'000 unaudited	US\$'000 unaudited
Reported operating profit	26,119	32,199
Proforma adjustments		
To consolidate 100% of NCL's results from 1 January 2000 as if the acquisition of 100% of NCL had occurred on 1 January 2000	—	15,243
Proforma operating profit	<u>26,088</u>	<u>47,442</u>
Reported net loss	(156)	(604)
Proforma adjustments		
To consolidate 100% of NCL's results from 1 January 2000 as if the acquisition of 100% of NCL had occurred on 1 January 2000	—	540
Proforma net loss	<u>(156)</u>	<u>(64)</u>
Operating data		
Proforma Passenger Cruise Days	1,694,181	1,648,968
Proforma Available Capacity Days	1,808,704	1,789,960
Proforma Occupancy as a percentage of total capacity	94%	92%

Note: The above unaudited proforma results for the three months ended 31 March 2000 have been prepared for illustrative purposes only and exclude any proforma adjustments for increased interest expense on acquisition debts.

Revenue for the Group increased by 0.1% from the proforma revenue of US\$334.9 million to US\$335.4 million as a result of an increase in occupancy of 2% on an increase of 1% in available capacity days. Revenue for Star Cruises Asia Pacific operations increased 17% due to an increase of 10% in available capacity days and yields, as defined as net revenue per capacity day increased 6.8% quarter on quarter. The increase was attributed to continued good performance in the developed markets and also the improvement in the Thailand market which was partially offset by the reduction in the Taiwan market and the start up losses in Japan market. Revenue for NCL decreased 7.1% due to a 4.4% decrease in available capacity days. Yields decreased 4.1% partially due to Millennium event which had a positive effect on 2000 proforma revenue. Excluding the impact of the Millennium event, yields decreased by 2.1% quarter on quarter.

Operating, selling and administrative expenses increased by 8.7% from proforma operating, selling and administrative expenses of US\$251.4 million to US\$273.2 million. The Group incurred additional expenses to improve on safety levels as well as additional cost to improve on quality of service onboard the ships to maintain competitiveness.

Non-operating expenses decreased by 33% from proforma non-operating expenses of US\$42.8 million to US\$28.7 million as a result of lower interest expenses, higher interest income and the gains on foreign exchange contracts for the period. The Group continues to amortise goodwill, tradenames and trademarks as a result of the acquisition.

As a result, the Group recorded a net loss of US\$0.2 million for the three months ended 31 March 2001.

Liquidity and capital resources

In the three months ended 31 March 2001, operating activities generated cash inflows of US\$53.6 million.

The Group made principal repayments of US\$24.4 million in relation to its long-term bank loans in the three months ended 31 March 2001. In addition, the Group drew down US\$43.6 million under the 1999 KfW loan to part finance the construction of the Norwegian Sun.

In the three months ended 31 March 2001, the Group incurred US\$80.3 million of capital expenditure on fixed assets. US\$71.4 million of this amount was applied towards the progress payment on the construction costs of SuperStar Scorpio and the Norwegian Sun, as well as for the refurbishment of the Group's existing fleet. The remainder was used to expand the Group's onshore facilities. Approximately US\$90.5 million was received mainly from the disposal of m.v. Star Aquarius and m.v. MegaStar Sagittarius during the period.

Prospects

The Group is currently expanding its distribution network by establishing a presence in China. The Group is also in the process of rolling out the Group's agent internet booking capabilities as it is a cost effective way of expanding distribution. More focus will be placed on the Group's core markets to improve service levels, food quality and onboard activities to maintain the Group's attractiveness as an alternative holiday option in light of competition from land based resorts.

Other than as disclosed above, the Directors are not aware of any other material changes to the information relating to the Group's performance and the material factors underlying its results and financial position published in the annual report for the year ended 31 December 2000.

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 three months ended 31 March 2001, save for the issue of 2,950,500 new ordinary shares of US\$0.10 each at an aggregate price of US\$22,783 pursuant to the exercise of options granted under The Star Cruises Employees Share Option Scheme.

CORPORATE GOVERNANCE

In compliance with the Code of Best Practice stipulated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Code of Best Practice"), the Company has established an Audit Committee with written terms of reference. 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. This Unaudited Quarterly Result has been reviewed by the Audit Committee.

None of the Directors is aware of information that would reasonably indicate that the Company was not in compliance with the Code of Best Practice at any time during the three months ended 31 March 2001.

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.

By order of the Board
DATO' LIM KOK THAY
Chairman, President and Chief Executive Officer

Hong Kong, 15 May 2001

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