

consolidated cash flow statement

for the year ended 31 December 2001

	Note	GROUP	
		2001	2000
		US\$'000	US\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	(a)	312,114	278,899
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(137,498)	(167,172)
Interest received		6,819	7,155
Net cash outflow from returns on investments and servicing of finance		(130,679)	(160,017)
TAXATION			
Income tax paid		(1,206)	(1,301)
INVESTING ACTIVITIES			
Purchase of fixed assets		(644,030)	(287,255)
Proceeds from sale of fixed assets		90,658	16,623
Acquisition of additional interests in NCL Holding ASA giving a cumulative interest of 84.5%	(b)	—	(513,844)
Acquisition of remaining interest of 15.5% in NCL Holding ASA	(c)	—	(72,613)
Others		(246)	—
Net cash outflow from investing activities		(553,618)	(857,089)
Net cash outflow before financing activities		(373,389)	(739,508)
FINANCING ACTIVITIES	(d)		
Proceeds from short and long-term bank loans		638,670	1,385,906
Principal repayments of short and long-term bank loans		(383,172)	(858,024)
Proceeds from issuance of Convertible Notes		—	480,000
Repayment of Convertible Notes		—	(37,500)
Proceeds from issuance of ordinary shares, net of issuing cost of US\$9 million in 2000		—	46,846
Proceeds from issuance of ordinary shares pursuant to Star Cruises Employees Share Option Scheme		1,557	325
Repayment of related companies' loans		—	(82,000)
Proceeds from interest bearing loans from related companies		—	62,000
Payment of loan arrangement fees		(3,188)	(17,150)
Restricted cash		967	7,546
Others		257	(6,943)
Net cash inflow from financing activities		255,091	981,006
Effect of exchange rate changes on cash and cash equivalents		(2,635)	(1,713)
Net (decrease)/increase in cash and cash equivalents		(120,933)	239,785
Cash and cash equivalents at beginning of year		292,508	52,723
Cash and cash equivalents at end of year		171,575	292,508

Notes to Consolidated Cash Flow Statement

(a) Net cash inflow from operating activities

	GROUP	
	2001	2000
	US\$'000	US\$'000
OPERATING ACTIVITIES		
Loss before taxation	(14,284)	(20,318)
Depreciation and amortisation		
- relating to operating function	145,403	131,950
- relating to selling, general and administrative function	9,014	7,979
	154,417	139,929
Interest expense, net of capitalised interest	118,492	185,512
Interest income	(6,821)	(7,488)
Share of losses of associated company	—	748
Loss on extinguishment of debt	—	4,189
Impairment loss on ship and related assets	8,430	37,694
Revaluation loss on fixed assets	—	969
Others	(5,127)	(1,040)
	255,107	340,195
Decrease/(increase) in:		
Trade receivables	(6,990)	(4,039)
Consumable inventories	(4,542)	(4,194)
Prepaid expenses and others	(1,618)	1,298
Other assets	5,959	(4,539)
Increase/(decrease) in:		
Trade creditors	29,173	2,697
Provisions, accruals and other liabilities	815	(20,587)
Amounts due to related companies	(507)	(272)
Advance ticket sales	34,717	(31,660)
Net cash inflow from operating activities	312,114	278,899

Notes to Consolidated Cash Flow Statement (*continued*)

(b) Acquisition of approximately 84.5% interest on a cumulative basis in NCL Holding ASA

	GROUP	
	2001	2000
	US\$'000	US\$'000
Net assets acquired:		
Fixed Assets	—	1,417,847
Intangible asset	—	291,600
Other assets	—	15,512
Inventories	—	7,744
Trade and other receivables	—	30,995
Bank balances and cash	—	49,223
Restricted cash	—	9,387
Deferred taxation	—	201
Trade and other payables	—	(170,190)
Advance ticket sales	—	(148,464)
Current maturities of long-term debts	—	(72,232)
Long-term debts	—	(738,152)
Other long-term liabilities	—	(15,853)
Minority interests	—	(105,389)
	—	572,229
Goodwill on consolidation	—	418,436
Total purchase consideration	—	990,665
Net assets previously accounted for as investment in associated company	—	(427,598)
	—	563,067
Cash and bank balances of subsidiary acquired	—	(49,223)
Satisfied by cash	—	513,844

The subsidiaries acquired during the year 2000 contributed US\$109.9 million to the Group's net operating cash flows, paid US\$55.1 million in respect of the net returns on investments and servicing of finance, paid US\$ nil in respect of taxation and utilised US\$150.0 million for investing activities.

(c) Acquisition of remaining 15.5% interest in NCL Holding ASA

	GROUP	
	2001	2000
	US\$'000	US\$'000
Share of net assets	—	118,481
Negative goodwill	—	(45,868)
Satisfied by cash	—	72,613

Notes to Consolidated Cash Flow Statement (*continued*)

(d) Analysis of changes in financing

	Share capital including premium	Short and long-term debts	Amounts due to related companies	Minority interests
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2000	738,290	627,485	260,000	—
Shares issued for cash consideration, net of issuance costs of approximately US\$9 million	47,171	—	—	—
Shares issued on redemption of Convertible Notes	442,500	—	(442,500)	—
Shares issued in satisfaction of subordinated loan	240,000	—	(240,000)	—
Proceeds from issuance of Convertible Notes	—	—	480,000	—
Repayment of Convertible Notes	—	—	(37,500)	—
Proceeds from short and long-term debts	—	1,385,906	—	—
Repayment of short and long-term debts	—	(858,024)	—	—
Loans assumed and minority interests arising on acquisition of NCL Holding ASA	—	810,384	—	105,389
Gain on translation of debt	—	(6,134)	—	—
Acquisition of remaining interest in NCL Holding ASA	—	—	—	(118,481)
Loan advanced by a related company	—	—	62,000	—
Repayment of loans to related companies	—	—	(82,000)	—
Minority interests' share of profits	—	—	—	5,650
Other non-cash movements	—	—	—	7,442
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At 31 December 2000	1,467,961	1,959,617	—	—
Shares issued for cash consideration	1,557	—	—	—
Proceeds from short and long-term debts	—	638,670	—	—
Repayment of short and long-term debts	—	(383,172)	—	—
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As at 31 December 2001	1,469,518	2,215,115	—	—

(e) Non-cash financing activities

	GROUP	
	2001 US\$'000	2000 US\$'000
Issue of ordinary shares in satisfaction of US\$240 million of the US\$260 million subordinated loan	—	240,000
Issue of ordinary shares on redemption of Convertible Notes issued to Resorts World Limited	—	442,500
Bonus issue on the basis of four new ordinary shares for every one of existing share	—	249,943
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