

Consolidated Cash Flow Statement

for the year ended 31 December 2000

	Note	GROUP	
		2000 US\$'000	1999 US\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	(a)	263,680	162,112
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(167,172)	(13,350)
Interest received		7,155	4,814
Dividend paid		—	(6,244)
Net cash outflow from returns on investments and servicing of finance		(160,017)	(14,780)
TAXATION			
Income tax paid		(1,301)	(688)
INVESTING ACTIVITIES			
Purchase of fixed assets		(272,036)	(427,180)
Proceeds from sale of fixed assets		16,623	232
Acquisition of equity investment in NCL Holding ASA of 38.6%		—	(428,346)
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)	—
Net cash outflow from investing activities		(841,870)	(855,294)
Net cash outflow before financing activities		(739,508)	(708,650)
FINANCING ACTIVITIES	(d)		
Proceeds from short and long-term bank loans		1,385,906	381,085
Principal repayments of short and long-term bank loans		(858,024)	(17,600)
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		47,171	298
Repayment of related companies loans		(82,000)	—
Proceeds from interest bearing loans from related companies		62,000	260,000
Payment of loan arrangement fees		(17,150)	(5,270)
Restricted cash		7,546	(2,170)
Others		(6,943)	(6,382)
Net cash inflow from financing activities		981,006	609,961
Effect of exchange rate changes on cash and cash equivalents		(1,713)	(164)
Net increase/(decrease) in cash and cash equivalents		239,785	(98,853)
Cash and cash equivalents at beginning of year		52,723	151,576
Cash and cash equivalents at end of year		292,508	52,723

Notes to Consolidated Cash Flow Statements

(a) Net cash flow from operating activities

	GROUP	
	2000	1999
	US\$'000	US\$'000
OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(20,318)	85,677
Depreciation and amortisation		
- relating to operating function	131,950	49,023
- relating to selling, general and administrative function	7,979	4,282
	139,929	53,305
Interest expense, net of capitalised interest	185,512	24,846
Interest income	(7,488)	(4,814)
Share of losses of associated company	748	—
Loss on extinguishment of debt	4,189	—
Impairment loss on ship and related assets	37,694	—
Revaluation loss on fixed assets	969	—
Others	(1,040)	1,660
	340,195	160,674
Decrease/(increase) in:		
Trade receivables	(4,039)	562
Consumable inventories	(4,194)	(7,446)
Prepaid expenses and others	1,298	2,789
Deferred drydocking costs	(15,219)	(5,346)
Other assets	(4,539)	—
Increase/(decrease) in:		
Trade creditors	2,697	6,673
Accruals and other liabilities	(20,587)	(1,639)
Amounts due to related companies	(272)	(379)
Advance ticket sales	(31,660)	6,224
Net cash inflow from operating activities	<u>263,680</u>	<u>162,112</u>

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

	GROUP	
	2000	1999
	US\$'000	US\$'000
Net assets acquired:		
Fixed Assets	1,405,697	—
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 drydocking costs	12,150	—
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	<u>513,844</u>	<u>—</u>

Notes to Consolidated Cash Flow Statements (continued)

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

The subsidiaries acquired during the year 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	
	2000 US\$'000	1999 US\$'000
Share of net assets	118,481	—
Negative goodwill	(45,868)	—
Satisfied by cash	<u>72,613</u>	<u>—</u>

(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 1999	737,992	264,000	—	—
Shares issued for cash consideration	298	—	—	—
Proceeds from short and long-term debts	—	381,085	—	—
Repayment of long-term debts	—	(17,600)	—	—
Proceeds from a related company	—	—	260,000	—
At 31 December 1999	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
At 31 December 2000	<u>1,467,961</u>	<u>1,959,617</u>	<u>—</u>	<u>—</u>

(e) Non-cash financing activities

	GROUP	
	2000 US\$'000	1999 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	<u>249,943</u>	<u>—</u>