

consolidated cash flow statement

for the year ended 31 December 2001

| | Note | GROUP | |
|--------------------------------------------------------------------------------------------------|------|------------------|------------------|
| | | 2001 US\$'000 | 2000 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 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| 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) | — | — |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| 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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