

PRINCESS TOURS LIMITED

REGISTERED NUMBER: 559165

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

NOVEMBER 30, 2004



Princess Tours Limited

Directors' Report

The directors present their annual report and accounts of the Company for the year ended November 30, 2004. The prior period information is for the eleven months ended November 30, 2003.

Results and Dividends

The result for the period was a loss of \$116,876,000 (Period ended November 30, 2003: profit \$5,418,000). The directors do not recommend the payment of a dividend (2003: nil).

Principal activity and review of business

The company's principal activity is leasing the cruise ship Royal Princess by bareboat charter to its subsidiary undertaking.

As described in note 12 to the financial statements, the Company disposed of the Royal Princess to Carnival plc, the Company's ultimate holding company, during May 2005. As a result of this disposal there has been an impairment in both the ship value and the Company's investment in Princess Cruises (Shipowners) Ltd.

Directors and their interests

The directors who held office during the year were as follows:

D K Dingle
D E Jones
P G Ratcliffe

The directors who held office at November 30, 2004 had no interest in the shares of the Company or any other subsidiary of Carnival plc. Their interests in the ordinary shares of Carnival plc, share awards under the Carnival plc Deferred Bonus and Co-investment Matching Plan and options under the Carnival plc Executive Share Option Plan were as follows:

		Ordinary Shares					
		At Dec 1, 2003	At Nov 30, 2004				
D K Dingle		1,003	3				
D E Jones		28	816				
		Share Awards		Options			
		At Dec 1, 2003	At Nov 30, 2004	At Dec 1, 2003	At Nov 30, 2004	At Dec 1, 2003	At Nov 30, 2004
		Granted		Exercised		Granted	
D K Dingle	-	2,089	2,089	40,826	(20,413)	14,394	34,807
D E Jones	1,197	745	1,942	20,923	(8,500)	7,167	19,590

P G Ratcliffe is also a director of Carnival plc and his interests in Carnival plc shares are shown in the accounts of that company. A description of the Carnival plc remuneration plans is included in the Carnival plc annual report.

Princess Tours Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



D E Jones
Director
12/12/ 2005

Carnival House
5 Gainsford Street
London SE1 2NE

Princess Tours Limited

Report of the independent auditors to the members of Princess Tours Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' funds and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

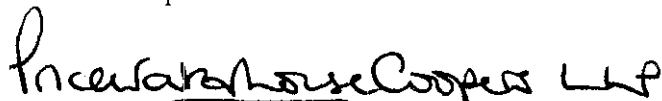
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 November 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

16 December 2005

Princess Tours Limited

Profit and loss account

	Note	Twelve months to Nov. 30, 2004 \$'000	Eleven months to Nov. 30, 2003 \$'000
Turnover		13,537	12,273
Cost of sales		(7,996)	(6,842)
Operating profit		<u>5,541</u>	<u>5,431</u>
Impairment loss	12	(96,241)	-
Provision for loss on disposal of ship	12	(26,162)	-
(Loss)/profit on ordinary activities before taxation	2	(116,862)	<u>5,431</u>
Taxation	5	(14)	(13)
(Loss)/profit for the financial period transferred to reserves		<u>(116,876)</u>	<u>5,418</u>

The results all derive from continuing operations.

The notes on pages 7 to 10 form part of these financial statements.

Princess Tours Limited

Balance sheet

		As at Nov. 30, 2004 \$'000	As at Nov. 30, 2003 \$'000
	Note		
Fixed assets			
Tangible assets			
Ship	6	69,485	103,643
Investments in subsidiaries	7	3,773	100,014
		<u>73,258</u>	<u>203,657</u>
Current assets			
Amount due from fellow subsidiary company		46,296	32,786
Creditors: amounts falling due within one year	8	(1,116)	(1,129)
Net current assets		<u>45,180</u>	<u>31,657</u>
Total assets less current liabilities		<u>118,438</u>	<u>235,314</u>
Capital and reserves			
Called up share capital	9	12	12
Share premium account		229,749	229,749
Profit and loss account	10	(111,323)	5,553
Equity shareholder's funds		<u>118,438</u>	<u>235,314</u>

These financial statements were approved by the Board of directors on 12/12/05 and were signed on its behalf by:



D E Jones
Director

The notes on pages 7 to 10 form part of these financial statements.

Princess Tours Limited

Statement of total recognised gains and losses

	Twelve months to Nov. 30, 2004 \$'000	Eleven months to Nov. 30, 2003 \$'000
(Loss)/profit for the period	(116,876)	5,418
Total recognised gains and losses relating to the period	<u>(116,876)</u>	<u>5,418</u>

Reconciliation of movements in equity shareholder's funds

	Twelve months to Nov. 30, 2004 \$'000	Eleven months to Nov. 30, 2003 \$'000
(Loss)/profit attributable to equity shareholder	(116,876)	5,418
Share premium account	-	100,014
Equity shareholder's funds at beginning of the period	235,314	129,882
Equity shareholder's funds at the end of the period	<u>118,438</u>	<u>235,314</u>

The notes on pages 7 to 10 form part of these financial statements.

Princess Tours Limited

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards, the Companies Act 1985 and under the historical cost accounting rules.

The financial statements are presented in US dollars as most of the Company's transactions and balances are denominated in US Dollars.

Cash flow statement

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published financial statements.

Investments

Investments are stated at cost less provisions for impairment.

Depreciation

Depreciation is calculated on a straight line basis to write down the cost of the ship in service over its estimated useful life (generally 30 years) to estimated residual value, which is reviewed periodically.

Impairment of fixed assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable based on estimated future cash flows. Provision for impairment in value of fixed assets is made in the profit and loss account.

Turnover

Turnover comprises charterhire receivable from the Company's subsidiary undertaking.

Operating leases

Income from the operating leases is accounted for on a straight line basis with any rental increases recognised during the period to which they relate.

Related party transactions

As a wholly owned subsidiary of Carnival plc, the Company has taken advantage of the exemption in Financial Reporting Standard 8 and has, therefore, not disclosed transactions or balances with entities which form part of the group.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies have been expressed in US dollars at rates ruling at the balance sheet date. Exchange gains and losses are taken to the profit and loss account except for those arising on foreign currency equity investments and their related hedging loans, which are taken to reserves. Equity share capital is translated and maintained at the historical exchange rates applying on the dates the shares were issued.

Princess Tours Limited

Notes to the financial statements

2. Operating profit is stated after charging

	Twelve months to Nov. 30, 2004 \$'000	Eleven months to Nov. 30, 2003 \$'000
Depreciation of owned assets	7,996	6,843

Auditors' remuneration is dealt with on a group basis and no amount has been specifically recharged to the Company (2003 - \$nil).

3. Employees

The Company had no employees during the period (2003 - nil).

4. Remuneration of directors

The directors do not receive any remuneration for their services to the Company; their emoluments for work within the group are paid by other group companies and are dealt with in the accounts of those companies (2003 - \$nil).

5. Taxation

	Twelve months to Nov. 30, 2004 \$'000	Eleven months to Nov. 30, 2003 \$'000
Current taxation: UK Corporation tax	(14)	(13)
The current taxation charge is reconciled to the UK standard rate as follows:		
(Loss)/profit on ordinary activities before taxation	(116,862)	5,431
Notional tax charge at UK standard rate (2004: 30.0%; 2003: 30.0%)	35,059	(1,629)
Effect of tonnage tax - permanent differences	(35,073)	1,616
	(14)	(13)

Following the Company's entry into the UK tonnage tax regime the Company's UK corporation tax on shipping profits is calculated by reference to the net tonnage of qualifying vessels. Substantially all of the Company's UK revenues and expenses are therefore regarded as permanent differences.

Princess Tours Limited

Notes to the financial statements

6. Ship

	Owned \$'000
Cost	
At December 1, 2003	129,734
At November 30, 2004	<u>129,734</u>
Depreciation	
At December 1, 2003	(26,091)
Charge for the year	(7,996)
Impairment loss	(26,162)
At November 30, 2004	<u>(60,249)</u>
Net book value	
At November 30, 2004	69,485
At November 30, 2003	<u>103,643</u>

7. Investments in subsidiaries

	Cost \$'000
At December 1, 2003	100,014
Impairment	(96,241)
At November 30, 2004	<u>3,773</u>

At November 30, 2004 the Company owned 100% of Princess Cruises (Shipowners) Ltd, a company incorporated in England, whose main activity is the provision of passenger cruises.

8. Creditors

	As at Nov. 30, 2004 \$'000	As at Nov. 30, 2003 \$'000
Amounts falling due within one year		
Corporation tax	-	(13)
Deferred income	(1,116)	(1,116)
	<u>(1,116)</u>	<u>(1,129)</u>

Princess Tours Limited

Notes to the financial statements

9. Called up share capital

The authorised share capital comprises 10,000 ordinary shares of £1 each

Allotted, called up and fully paid
7,603 ordinary shares of £1 each

	Number of shares	\$'000
At November 30, 2004 and 2003	7,603	12

10. Reserves

	Share premium account \$'000	Profit and loss account \$'000	Total \$'000
At December 1, 2003	229,749	5,553	235,302
Result for the period	-	(116,876)	(116,876)
At November 30, 2004	229,749	(111,323)	118,426

11. Ultimate holding company

As at November 30, 2004 the Company's immediate parent company was Carnival plc. Carnival plc is the largest and smallest group which consolidates the company's accounts. The address from which copies of the parent company's accounts can be obtained is as follows:

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF4 3UZ.

On April 17, 2003 the Dual Listed Company ("DLC") transaction between P&O Princess Cruises plc and Carnival Corporation was completed. On that date, P&O Princess Cruises plc changed its name to Carnival plc and became part of the combined DLC group.

12. Post balance sheet events

During May 2005 the Company terminated the Royal Princess charter agreement it had with Princess Cruises (Shipowners) Ltd, the Company's sole subsidiary investment. At the same time the Company sold the Royal Princess to Carnival plc for \$65.6m.

As a consequence of these transactions the Company has recognised exceptional impairment losses to both the carrying value of its ship fixed asset, \$26.2m, and the carrying value of its subsidiary investment, \$96.2m.