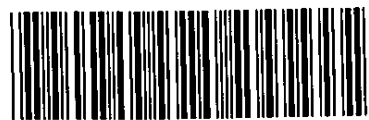


**P&O Princess Cruises International Limited**  
**Year ended November 30, 2006**

**Registered number: 03902746**

THURSDAY



LD3

\*LZYBETBB\*

27/09/2007

506

COMPANIES HOUSE

**P&O Princess Cruises International Limited****Directors' report**

The directors present their annual report and the audited financial statements for the year ended November 30, 2006

**Principal activities and business review**

The Company's principal activity during the year was the charter of the cruise ship Ocean Village to Carnival plc

**Results for the year**

The result for the year was a profit of £5.5m (2005: £5.3m). The directors do not recommend the payment of a dividend (2005: £nil).

**Directors and their interests**

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

M Anson  
G R Cahill  
P L Gosch  
H S Frank  
P G Ratcliffe

**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 judgments 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.

**Creditor payment policy**

The Company had no trade creditors at November 30, 2006.

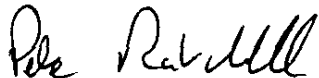
**Directors' statement as to disclosure of information to auditors**

The directors are satisfied that the auditors are aware of all information relevant to the audit of Company's financial statements for the year ended November 30, 2006 and that they have taken all steps that they ought to have taken as directors in order to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**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.

By order of the board



Peter G. Ratcliffe  
Director

Carnival House  
5 Gainsford Street  
London SE1 2NE

26 September 2007

## **P&O Princess Cruises International Limited**

### **Report of the independent auditors to the members of P&O Princess Cruises International Limited**

We have audited the financial statements of P&O Princess Cruises International Limited for the year ended November 30, 2006, 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. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing 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 International Standards on Auditing (UK and Ireland). 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.

We read the directors' report and consider the implications for our report if we become aware of any misstatements within it.

#### **Basis of audit opinion**

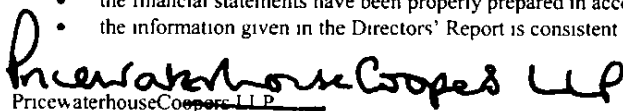
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at November 30, 2006 and of the profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

26 September 2007

## **P&O Princess Cruises International Limited**

### **Profit and loss account**

**For the year ended November 30, 2006**

	Note	2006 £'m	2005 £'m
Turnover	2	10.2	10.2
Cost of sales		(4.7)	(4.9)
Operating profit	3	<u>5.5</u>	<u>5.3</u>
Profit on ordinary activities before taxation		<u>5.5</u>	<u>5.3</u>
Taxation	4	-	-
Profit for the financial year transferred to reserves	8	<u>5.5</u>	<u>5.3</u>

The results all derive from continuing operations

See accompanying notes to the financial statements

**P&O Princess Cruises International Limited****Balance sheet**

As at November 30, 2006

	Note	2006 £'m	2005 £'m
<b>Fixed assets</b>			
Tangible assets			
Ship	5	76.3	81.0
Investments	6	0.1	0.1
		<u>76.4</u>	<u>81.1</u>
<b>Current assets</b>			
Amounts owed by parent undertaking and fellow subsidiaries		770.6	760.4
<b>Total assets</b>		<u>847.0</u>	<u>841.5</u>
<b>Capital and reserves</b>			
Called up share capital	7	229.1	229.1
Share premium account	8	601.2	601.2
Profit and loss account	8	16.7	11.2
<b>Equity shareholders' funds</b>		<u>847.0</u>	<u>841.5</u>

See accompanying notes to the financial statements

Approved by the Board of directors on 26 September 2007 and signed on its behalf by



Peter G. Ratcliffe

## **P&O Princess Cruises International Limited**

### **Statement of total recognised gains and losses For the year ended November 30, 2006**

	2006	2005
	£'m	£'m
Profit for the year	5.5	5.3
Exchange movements on foreign currency net investments	-	60.8
Total recognised gains and losses relating to the year	<u>5.5</u>	<u>66.1</u>

### **Reconciliation of movements in equity shareholders' funds For the year ended November 30, 2006**

	2006	2005
	£'m	£'m
Total recognised gains and losses for the year	5.5	66.1
Equity shareholders' funds at beginning of the year	841.5	775.4
Equity shareholders' funds at end of the year	<u>847.0</u>	<u>841.5</u>

See accompanying notes to the financial statements

# **P&O Princess Cruises International 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

#### **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

#### **Cash flow statement**

Under Financial Reporting Standard 1 (revised 1996) 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

#### **Tangible fixed assets**

Ships are stated at cost less accumulated depreciation. Subsequent ship improvement costs are capitalised as additions to the ship, while costs of major repairs and maintenance are expensed in the profit and loss account

Depreciation is calculated to write off the cost to estimated residual value on a straight line basis over the expected useful life of the asset concerned as follows

Cruise ships	30 years
Other fixed assets	3 – 16 years

#### **Impairment of fixed assets**

The Company reviews all fixed assets 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

#### **Leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease. Operating lease income 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 pounds sterling at rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the opening net assets of foreign currency branches and any related loans are taken to reserves. Other exchange differences are taken to the profit and loss account

### **2 Segmental analysis**

Turnover for the year is attributable to the Company's single activity of chartering the cruise ship Ocean Village to Carnival plc

# P&O Princess Cruises International Limited

## Notes to the financial statements

### 3 Operating profit is stated after charging

	2006 £'m	2005 £'m
Depreciation of owned assets	4.7	4.9

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 (2005 - £nil)

Auditors' remuneration is dealt with on a group basis and no amount has been specifically recharged to this company (2005 - £nil)

The Company had no employees during the period (2005 - nil)

### 4 Taxation

	2006 £'m	2005 £'m
The taxation charge is made up as follows		
Current taxation		
UK Corporation tax	-	-
The current taxation charge is reconciled to the UK standard rate as follows		
	2006 £'m	2005 £'m
Profit on ordinary activities before tax	5.5	5.3
Notional tax charge at UK standard rate (2006 and 2005 30.0%)	(1.7)	(1.6)
Effect of tonnage tax - permanent differences	1.7	1.6
	-	-

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. All of the Company's UK revenues and expenses are therefore regarded as permanent differences.

### 5 Ship

	Owned £'m
Cost	
At November 30, 2006 and 2005	151.4
Depreciation	
At December 1, 2005	(70.4)
Charge for year	(4.7)
At November 30, 2006	(75.1)
Net book value	
At November 30, 2006	76.3
At November 30, 2005	81.0



# P&O Princess Cruises International Limited

## Notes to the financial statements

### 6 Investments

Shares in subsidiary companies

	Cost £ m
At November 30, 2006 and 2005	0.1

The Company's subsidiaries at November 30, 2006 comprised

	Country of Incorporation/ Registration	Percentage of equity share capital owned at November 30, 2006	Business Description
F P M SAS	French Polynesia	100%	Ship owner
F P P SAS (note 10)	French Polynesia	100%	Ship operator
P&O Travel Ltd	UK	100%	Travel agency
Silsub Ltd	UK	100%	Holding company

### 7 Called up share capital

The authorised share capital is 229,055,000 £1 ordinary shares  
The allotted, called up and fully paid ordinary share capital is as follows

	No. of Shares	£'m
At November 30, 2006 and 2005	229,051,002	229.1

### 8 Reserves

	Share premium account £'m	Profit and loss account £'m	Total £'m
At December 1, 2005	601.2	11.2	612.4
Retained profit for the year	-	5.5	5.5
At November 30 2006	601.2	16.7	617.9

### 9 Ultimate holding company

As at November 30, 2006 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

### 10 Post balance sheet event

On 29 January 2007 the company agreed to sell its investment in F P P SAS, a company incorporated in French Polynesia, to Princess Cruise Lines Ltd. The value of the consideration for this sale is subject to final determination between the parties. Princess Cruise Lines Ltd is a subsidiary of Carnival Corporation.

Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's articles of incorporation and by-laws and Carnival plc's memorandum of association and articles of association. Although the two companies have retained their separate legal identities, they operate as if they were a single economic enterprise.