

Registered no. 4165720

CPS Number 2 Limited

Financial Statements

31 December 2003



CPS Number 2 Limited

Directors' report for the period ended 31 December 2003

The Directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities

The company was not involved in any chartering activities in 2003. Costs incurred during the year were the result of prior year adjustments and general overhead costs.

Review of the business and future developments

Throughout 2003 the company did not own any vessels.

Results and dividends

The company's retained loss for the financial period amounted to US\$16,000, which has been transferred to reserves.

Directors and their interests

The directors who held office during the year are given below:

D R Nicklin

I W Torrens

The Directors had no interest in the share capital of the company.

Statement of directors' responsibilities

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

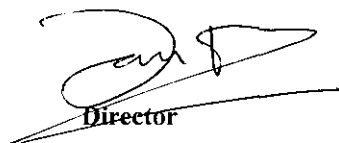
- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



Director

CPS Number 2 Limited

Independent auditor's report to the members of CPS Number 2 Limited

We have audited the financial statements which comprise profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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 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 in to 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 other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report and the operating and financial review.

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 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

23rd February 2004

CPS Number 2 Limited

Profit and Loss Account

(US\$ thousands)

	Year ended 31 December 2003 US\$	Year ended 31 December 2002 US\$
Turnover		
Charter revenue (note 3)	-	3,659
Administrative expenses	(12)	(3,383)
Operating (loss) / profit (note 4)	(12)	276
Interest receivable and similar income	-	-
Interest payable and similar charges	-	-
(Loss) / profit on ordinary activities before taxation	(12)	276
Taxation on ordinary activities (note 5)	(4)	(12)
(Loss) / profit for the financial year	(16)	264

The company has no recognised gains and losses other than the profits shown above and therefore no separate statement of total recognised gains and losses has been presented.

Note of historical cost profits and losses

The reported profit for the period is stated under the historical cost convention and therefore represents the underlying historical cost profit without need for any adjustment.

The notes on pages 5 to 8 form part of these financial statements.

CPS Number 2 Limited

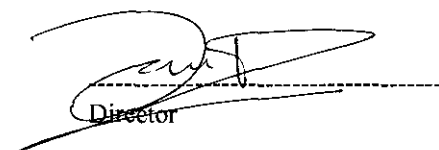
Balance Sheet

(US\$ thousands)

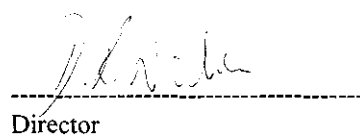
	As at 31 December 2003 US\$	As at 31 December 2002 US\$
Current Assets		
Debtors (note 6)	315	332
Current Liabilities		
Creditors: amounts falling due within one year (note 7)	(27)	(28)
Net current assets	288	304
Total assets less current liabilities	288	304
Net Assets	288	304
Capital and Reserves		
Called up share capital (note 8)	-	-
Profit and loss account	288	304
Equity Shareholders' Funds	288	304

The notes on pages 5 to 8 form part of these financial statements.

Approved by the Board of Directors on 23rd February 2004



Director



Director

CPS Number 2 Limited

Notes to the Financial Statements

(US\$ thousands)

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom on the historic cost basis. The company has complied with all Financial Reporting Standards issued by the Accounting Standards Board from their effective dates.

Revenue and cost recognition

Revenue and costs from ship charter operations are accounted for on an accrual basis.

Capital assets

Capital assets are stated at cost less depreciation.

Depreciation on ships is calculated on a straight-line basis at rates to reduce the book value of each ship to its estimated residual value by the end of its estimated useful life in the company's business. The estimated useful life of a ship is calculated as the remaining period of a 25 year life.

Major additions, replacements and capital improvements to ships are depreciated over the estimated remaining useful life of the ship.

Use of estimates

The preparation of financial statements requires that management make estimates in reporting the amounts of certain revenues and expenses for each financial year and certain assets and liabilities at the end of each financial year. Actual results may differ from these estimates.

Taxation

The activities of the company fell within the UK tonnage tax regime whereby corporation tax is provided based upon the tonnage of the ships operated rather than profits earned. Deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefit is uncertain.

2. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of CP Ships (UK) Limited and is included in the consolidated financial statements of its ultimate parent company CP Ships Limited which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the CP Ships Limited Group.

3. TURNOVER

Turnover relates to earnings from charter hire received and receivable from chartering out ships which are owned, to CP Ships (UK) limited an affiliated company.

CPS Number 2 Limited

Notes to the Financial Statements

(US\$ thousands)

7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2003 US\$'000	31 December 2002 US\$'000
Amounts owed to fellow subsidiaries	9	20
Accruals	6	-
Taxation	12	8
Total creditors	27	28

8. SHARE CAPITAL

	31 December 2003 US\$	31 December 2002 US\$
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and paid		
1 Ordinary share of £1 each	1	1

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2003 US\$'000	31 December 2002 US\$'000
Share capital	-	-
Profit and loss account	(16)	264
Net addition to Shareholders' funds	(16)	264
Opening Shareholders' funds	304	40
Closing Shareholders' funds	288	304

10. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is CP Ships (UK) Limited. The ultimate parent undertaking and controlling party is CP Ships Limited incorporated in New Brunswick, Canada, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of CP Ships Limited consolidated financial statements can be obtained from its registered office: Brunswick House, 44 Chipman Hill, St John, New Brunswick, Canada E2L 4Z6

CPS Number 2 Limited

Notes to the Financial Statements

(US\$ thousands)

11. GUARANTEE

The Company and CPS Number 1 Limited, a fellow subsidiary, are jointly and severally liable for a \$175 million bank loan, which represents amounts drawn by CPS Number 1 Limited on a \$175 million revolving credit facility that is committed to August 2005 with a \$50 million step down in August 2004. The facility is secured by certain owned ships and bears interest at a margin over LIBOR which depends on the facility's credit rating. As at 31 December 2003 the margin was 1.05%.