P&O Princess Cruises International Limited
Period ended November 30, 2003

Registered number: 03902746

Directors' report

The directors present their annual report and the audited financial statements for the period ended 30 November 2003.

Principal activities and business review

The Group's principal activity during the year was the international operation of cruise ships and related landside assets, including tours and accommodation in Alaska. As described in note 25 to the financial statements, the Company disposed of all its business to Carnival plc, the Company's immediate holding company, during February 2004. The Company's activities are therefore discontinued.

Results for the year

The results for the year are as shown in the attached profit and loss account. The retained loss for the year was $44.7m (2002: profit $117.6m). The Company paid dividends of $358.0m to its parent company, Carnival plc, (2002: $150.0m).

Directors and their interests

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

M Arison	(appointed August 18, 2003)
G R Cahill	(appointed June 5, 2003)
P L Foschi	(appointed August 18, 2003)
H S Frank	(appointed August 18, 2003)
P G Ratcliffe	
A H Kaufman	(resigned June 5, 2003)
N L Luff	(resigned April 17, 2003)
C D Rumble	(resigned June 5, 2003)
Lord Sterling of Plaistow	(resigned April 17, 2003)

No director had any interest in the shares of the Company or any other subsidiary of Carnival plc. Other than G R Cahill all the directors who held office at the period end were also directors of Carnival plc and their interests in Carnival plc shares are shown in the accounts of that company. G R Cahill had no interest in the shares of Carnival plc at either the date of his appointment or at November 30, 2003.

Employees

The Company is committed to keeping employees informed of the performance, development and progress of the Company. This is primarily achieved through management briefings and widely distributed news and information bulletins.

The Company aims to meet the objective of the code of good practice on the employment of disabled people. Full and fair consideration is given to disabled applicants for employment and training, and career development is encouraged on the basis of aptitude and abilities. It is the policy of the Company to retain employees who become disabled whilst in its service and to provide specialist training where appropriate.

Employees are able to share in the results of the Company through performance-related bonus schemes which are widely applied.

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.

Directors' report *(continued)*

Creditor payment policy
The Company's policy is to pay suppliers in accordance with terms and conditions agreed when the orders are placed. Where payment terms have not been specifically agreed, then invoices dated in one calendar month are paid close to the end of the following month. This policy is understood by the purchasing and finance departments. The Company has procedures for dealing promptly with complaints and disputes. The Company had 11 days' purchases outstanding at November 30, 2003.

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

Chloë Marshall

Chloë Marshall
Secretary
18/01/ 2005

Carnival House
5 Gainsford Street
London SE1 2NE

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

We have audited the financial statements which comprise the consolidated profit and loss account, the balance sheets, 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 affairs of the Company and the Group at 30 November 2003 and of the profit of the Group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

18 January 2005

Consolidated profit and loss account

	Note	Eleven Months to Nov 30, 2003 U.S.$m	Twelve Months to Dec. 31, 2002 U.S.$m Restated (note 1)
Turnover	2	2,787.2	2,519.5
Cost of sales before exceptional item		(2,096.9)	(1,901.9)
Exceptional impairment loss	3	(50.0)	-
		(2,146.9)	(1,901.9)
Administrative expenses before exceptional transaction costs		(259.4)	(214.8)
Exceptional transaction costs	3	(30.7)	(117.0)
Administrative expenses		(290.1)	(331.8)
Operating costs		(2,437.0)	(2,233.7)
Operating profit	4	350.2	285.8
(Loss)/profit on sale of investments	3	(2.7)	1.2
Profit on ordinary activities before interest		347.5	287.0
Net interest payable and similar items	7	(21.0)	(2.3)
Profit on ordinary activities before taxation		326.5	284.7
Taxation	8	(13.2)	(17.1)
Profit on ordinary activities after taxation		313.3	267.6
Dividends	9	(358.0)	(150.0)
(Loss)/profit for the financial period transferred (from)/to reserves		(44.7)	117.6

Substantially all of the results derive from discontinued operations, details of the business disposals are set out in note 2.

See accompanying notes to the financial statements.

Group balance sheet

	Note	As at Nov. 30, 2003 U.S.$m	As at Dec. 31, 2002 U.S.$m Restated (note 1)
Fixed assets			
Intangible assets			
Goodwill	10	141.2	127.1
Tangible assets			
Ships	11	5,919.6	5,225.9
Properties and other fixed assets	12	256.5	249.4
		6,176.1	5,475.3
Investments	13	5.6	16.3
		6,322.9	5,618.7
Current assets			
Stocks	14	99.0	87.4
Debtors	15	258.4	225.0
Cash at bank and in hand		179.0	162.1
		536.4	474.5
Creditors: amounts falling due within one year	16	(2,525.2)	(2,041.2)
Net current liabilities		(1,988.8)	(1,566.7)
Total assets less current liabilities		4,334.1	4,052.0
Creditors: amounts falling due after more than one year	16	(1,631.3)	(1,395.9)
Provisions for liabilities and charges	17	(19.1)	(13.7)
		2,683.7	2,642.4
Capital and reserves			
Called up share capital	18	331.0	331.0
Share premium account	19	1,078.9	1,078.9
Merger reserve	19	(70.9)	(70.9)
Profit and loss account	19	1,344.4	1,303.2
Equity shareholders' funds		2,683.4	2,642.2
Equity minority interests		0.3	0.2
		2,683.7	2,642.4

See accompanying notes to the financial statements.

Approved by the Board of directors on Jan. 18, 2005 and signed on its behalf by:

G R Cahill

Company balance sheet

	Note	As at Nov. 30, 2003 U.S.$m	As at Dec. 31, 2002 U.S.$m Restated (note 1)
Fixed assets			
Intangible assets			
Goodwill	10	133.0	120.0
Tangible assets			
Ships	11	2,349.5	1,842.5
Properties and other fixed assets	12	15.8	18.8
		2,365.3	1,861.3
Investments	13	1,858.5	2,027.6
		4,356.8	4,008.9
Current assets			
Stocks	14	25.1	17.0
Debtors	15	212.9	589.0
Cash at bank and in hand		138.5	112.0
		376.5	718.0
Creditors: amounts falling due within one year	16	(2,295.6)	(2,036.1)
Net current liabilities		(1,919.1)	(1,318.1)
Total assets less current liabilities		2,437.7	2,690.8
Creditors: amounts falling due after more than one year	16	(916.6)	(1,274.0)
Provisions for liabilities and charges	17	(5.0)	-
		1,516.1	1,416.8
Capital and reserves			
Called up share capital	18	331.0	331.0
Share premium account	19	1,078.9	1,078.9
Profit and loss account	19	106.2	6.9
Equity shareholders' funds		1,516.1	1,416.8

See accompanying notes to the financial statements.

Approved by the Board of directors on Jan. 18, 2005 and signed on its behalf by:

G R Cahill

Statement of total recognised gains and losses

	Eleven months to Nov. 30, 2003 U.S.$m	Twelve months to Dec. 31, 2002 U.S.$m Restated (note 1)
Profit for the period	313.3	267.6
Exchange movements on foreign currency net investments	85.9	40.1
Total recognised gains and losses relating to the period	399.2	307.7
Prior period adjustment (note 1)	(93.9)	
Total gains and losses recognised since last annual report	305.3	

Reconciliation of movements in equity shareholders' funds

	Group Eleven months to Nov. 30, 2003 U.S.$m	Group Twelve months to Dec. 31, 2002 U.S.$m Restated (note 1)	Company Eleven months to Nov. 30, 2003 U.S.$m	Company Twelve months to Dec. 31, 2002 U.S.$m Restated (note 1)
Total recognised gains and losses for the period	399.2	307.7	457.3	148.1
Dividends	(358.0)	(150.0)	(358.0)	(150.0)
	41.2	157.7	99.3	(1.9)
Equity shareholders' funds at beginning of the period (Equity shareholders' funds for the Group at the beginning of 2002, as previously reported, were $2,573.3m before deducting the prior period adjustment of $88.8m)	2,642.2	2,484.5	1,416.8	1,418.7
Equity shareholders' funds at end of the period	2,683.4	2,642.2	1,516.1	1,416.8

Equity shareholders' funds for the Company at the beginning of 2002, as previously reported, were $1,447.1m before deducting the prior period adjustment of $28.4m.

See accompanying notes to the financial statements.

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.

In preparing the financial statements for the current year, the Company has amended its accounting policies in respect of the recognition of cruise revenue and expenses, the treatment of dry-dock costs and the recognition of marketing and promotion expenses. These changes were adopted to bring the Company's policies in line with those of the Carnival Corporation group.

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.

Prior year adjustments on implementation of the Carnival Corporation & plc DLC structure
Following the completion of the formation of the Carnival Corporation & plc dual listed company structure the following accounting policies were amended so as to conform with those of the enlarged group. In addition the Company changed its accounting reference date to November 30, to align it with that of Carnival Corporation's. The prior period information is for the twelve months ended December 31, 2002.

(a) Cruise revenues and expenses
The Company's previous accounting policy was initially to record deposits received on sales of cruises as deferred income and recognise them, together with revenues from onboard activities and all associated direct costs of a voyage, on a pro rata basis over the duration of the voyage. The Company's new accounting policy is to recognise these items generally upon completion of voyages with durations of ten days or less and on a pro rata basis for voyages in excess of ten days. The change to the balance sheet is an increase in net current liabilities of $9.5m at December 31, 2002 with a corresponding reduction in shareholders' funds and a reduction in 2002's profit of $3.9m.

(b) Dry-docking costs
The Company's previous accounting policy was to capitalise dry-docking costs, comprising major repairs and replacements, and expense them using the straight-line method through the date of the next scheduled dry-dock, which typically was over two to three years. The Company's new accounting policy is to defer major repairs performed during dry-dock and expense them over one year, being the estimated period of benefit. Replacements during a dry-dock are now capitalised as fixed assets on a component basis and depreciated over their estimated useful lives, with the estimated net book value of assets being replaced written off. The change to the balance sheet is an increase in net current liabilities of $14.9m at December 31, 2002 with a corresponding reduction in shareholders' funds and a reduction in 2002's profit of $5.0m.

(c) Marketing and promotion costs
The Company's previous accounting policy was to expense all marketing and promotion costs over the period of benefit, not exceeding one year from the end of the year the cost was incurred. The Company's new accounting policy is to expense all such costs as incurred, except for brochures and media production costs, which are recorded as prepaid expenses and charged to the profit and loss account as brochures are consumed or upon the first airing of the advertisement. The change to the balance sheet is an increase in net current liabilities of $69.5m at December 31, 2002 with a corresponding reduction in shareholders' funds and an increase in 2002's profit of $3.8m.

As a result of these three prior year adjustments, the net effect on group net assets and shareholders' funds as at January 1, 2003 is a reduction of $93.9m (January 1, 2002 a reduction of $88.8m). Subsequent to the completion of the DLC transaction results under the old accounting policies were not considered relevant and were therefore not maintained, consequently the impact of these three policy changes on the current period's result is not available (2002 – twelve months a net reduction in profit of $5.1m).

Notes to the financial statements

1. **Accounting policies** *(continued)*

Goodwill arising on acquisitions
Goodwill arising on business acquisitions, being the difference between the fair value of consideration compared to the fair value of net assets acquired, represents the residual purchase price after allocation to all identifiable net assets. Goodwill is included within intangible fixed assets and is stated at cost less accumulated amortisation. Where goodwill is regarded as having limited useful life the cost is amortised on a straight line basis over its expected useful life, which can be up to 40 years. A life of more than 20 years is adopted when the directors consider the period for which the value of the underlying business acquired exceeds the value of the identifiable net assets is demonstrably longer than 20 years. Where goodwill is regarded as having an indefinite useful economic life it is not amortised. Goodwill with an expected useful life of more than 20 years is reviewed annually for any impairment, by comparing the carrying value with projected discounted cash flows.

Investments
Investments in subsidiary undertakings are held at cost less provisions for impairment.

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 accounted for as dry-docking costs.

Properties and other fixed assets, including computer hardware and software, are stated at cost less accumulated depreciation.

Interest incurred in respect of payments on account of assets under construction is capitalised to the cost of the assets concerned.

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
Freehold buildings	40 years
Other fixed assets	3 – 16 years

Owned land and ships under construction are not depreciated.

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.

Stocks
Stocks consist of provisions, supplies, fuel and gift shop and art merchandise held for resale and are stated at the lower of cost or net realisable value.

Turnover and direct costs
Turnover comprises sales to third parties (excluding VAT and similar sales and port taxes). Guest cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities when received. Customer deposits are subsequently recognised as cruise revenues, together with revenues from onboard and other activities and all associated direct costs of a voyage, generally upon completion of voyages with durations of ten days or less and on a pro rata basis for voyages in excess of ten days. Future travel discount vouchers issued to guests are recorded as a reduction of revenues when such vouchers are utilised. Revenues and expenses from tour and travel services are recognised at the time the services are performed or expenses are incurred.

Leases
Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes to the financial statements

1. Accounting policies *(continued)*

Pension costs
Retirement benefits for employees are provided by a defined benefit scheme which is funded by contributions from the Company. The assets of the pension fund are held independently of the Company. The amount charged to the profit and loss account represents the estimated regular cost of providing the benefits accrued in the year adjusted by spreading surpluses across the remaining average service life of employees in accordance with the requirements of the Statement of Standard Accounting Practice No.24. Any difference between amounts charged to the profit and loss account and contributions is shown as a creditor or prepayment in the balance sheet.

Deferred taxation
Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19. A net deferred tax asset is regarded as recoverable and recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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
The functional and reporting currency of the Group is the U.S. dollar as the majority of its trade and assets are denominated in that currency. Transactions in currencies other than a business' functional currency are recorded at the rate of exchange ruling at the date of the transaction. Profits and losses of subsidiaries, branches, and joint ventures which have functional currencies other than U.S. dollars are translated into U.S. dollars at average rates of exchange. Assets and liabilities denominated in foreign currencies are translated at the year end exchange rates.

Exchange differences arising from the retranslation of the opening net assets of subsidiaries, branches and joint ventures which have currencies of operation other than U.S. dollars and any related loans are taken to reserves, together with the differences arising when the profit and loss accounts are translated at average rates and compared with rates ruling at the year end. Other exchange differences are taken to the profit and loss account.

2. Segmental analysis

The Group has a single business of operating cruise ships and North American related landside assets under various brand names as follows: Princess Cruises and Princess Tours in North America, P&O Cruises, Swan Hellenic, Ocean Village, AIDA and A'ROSA in Europe and P&O Cruises (Australia) in Australia.

From December 1, 2003 the Company entered into a series of transactions with Carnival Corporation and Carnival plc to reorganise the legal ownership of a number of the businesses within the DLC structure. As part of this restructuring the Company disposed of its interest in Sitmar International SRL, the holding company of substantially all of its North American cruising operations (further details relating to this reorganisation are set out in note 25). In addition during the last week of February 2004 the Company disposed of all its directly held cruising operations to Carnival plc (further details relating to this reorganisation are set out in note 25). As a result of these transactions the Group disposed of substantially all its operations and therefore the results and assets of the Group are all regarded as discontinued. Prior to these transactions the Group offered cruises across a substantial number of different itineraries, analysing turnover by destination is not considered practical however discontinued turnover by origin is as follows:

	Eleven months to Nov. 30, 2003 U.S.$m	Twelve months to Dec. 31, 2002 U.S.$m Restated (note 1)
Turnover (by origin)		
Discontinued operations		
North America	1,692.7	1,694.3
Europe and Australia	1,094.5	825.2
	2,787.2	2,519.5

Notes to the financial statements

3. Exceptional items

The Group had a $50.0m exceptional impairment loss on one of its vessels during the period.

Exceptional items also include transaction costs of $30.7m consisting of legal and professional fees in connection with the formation of the DLC structure. Exceptional transaction costs in 2002 of $117.0m legal and professional fees related to the terminated Royal Caribbean transaction and the DLC transaction with Carnival Corporation.

The non operating loss in the period was $2.7m (2002: profit $1.2m). In both periods these items arose in Europe and Australia from the disposal of fixed asset investments.

4. Operating profit is stated after charging

	Eleven months to Nov. 30, 2003 U.S.$m	Twelve months to Dec. 31, 2002 U.S.$m
Depreciation of owned assets	189.0	161.6
Depreciation of assets held under finance leases	4.5	0.6
Amortisation of goodwill	1.0	4.3
Impairment loss	50.0	-
Total depreciation, amortisation and other amounts written off fixed asset	244.5	166.5
Operating lease costs:		
- ships	24.5	36.3
- property	13.0	14.2
- other	5.5	3.3
Auditors' remuneration:		
Audit	0.4	0.7
Stock exchange reporting	-	2.6
	0.4	3.3
Tax advice	-	3.1
Other non-audit fees	-	0.2
Total fees paid to the auditors and their associates	0.4	6.6

PricewaterhouseCoopers LLP were appointed as auditor of the Company during the period. The auditors' remuneration shown above for 2003 represents fees payable to PricewaterhouseCoopers LLP; the auditors' remuneration for 2002 represents fees payable to KPMG Audit plc, the previous auditors. Auditors' remuneration, on the same basis as above, in respect of the audit of the Company during the period was $0.2m (2002: $0.2m).

5. Employees

The average number of employees was as follows:

	Eleven months to Nov. 30, 2003	Twelve months to Dec. 31, 2002
Shore staff	3,898	3,654
Sea staff	19,531	16,298
	23,429	19,952

Notes to the financial statements

5. Employees *(continued)*

The aggregate payroll costs were:

	Eleven months to Nov. 30, 2003 U.S.$m	Twelve months to Dec. 31, 2002 U.S.$m
Wages and salaries	340.2	307.5
Social security costs	12.7	12.1
Pension costs	11.4	12.1
	364.3	331.7

6. Remuneration of directors

Directors' remuneration during the period was as follows:

	Eleven months to Nov. 30, 2003 U.S.$'000	Twelve months to Dec. 31, 2002 U.S.$'000
Directors' emoluments	2,113	3,942
Pension contributions	238	268
	2,351	4,210

Since the dates of their appointments M Arison, G R Cahill, P L Foschi and H S Frank received no emoluments in respect of qualifying services on behalf of the Company or any of its subsidiaries. The emoluments of the highest paid director were $2,256,000 (2002: $1,648,000) and the amount at the year end of the highest paid director's accrued pension benefit was $627,000 (2002: $492,000).

During the period five directors, including the highest paid director, (2002: one) exercised share options over shares of the ultimate holding Company. In addition five directors, including the highest paid director, (2002: five) participated in the Carnival plc Deferred Bonus and Co-investment Matching Plan.

The number of directors to whom benefits are accruing under defined benefit schemes is 1 (2002: 4).

During the year the aggregate amount of compensation for loss of office was $1,781,000.

7. Net interest payable and similar items

	Eleven months to Nov. 30, 2003 U.S.$m	Twelve months to Dec. 31, 2002 U.S.$m
Interest payable on:		
Bank loans and overdrafts	(47.5)	(39.4)
Interest capitalised	21.1	31.0
Interest receivable on other deposits	5.4	6.1
	(21.0)	(2.3)

Interest capitalised relates to tangible fixed assets under construction. The capitalisation rate is based on the weighted average of interest rates applicable to the Group's borrowings (excluding loans for specific purposes) during each period. The aggregate interest capitalised by the Group through November 30, 2003 was $229.6m (2002 $208.5m), substantially all of which relates to ships.

Notes to the financial statements

8. Taxation

	Eleven months to Nov. 30, 2003 U.S.$m	Twelve months to Dec. 31, 2002 U.S.$m
The taxation charge is made up as follows:		
Current taxation:		
UK Corporation tax	(0.2)	(0.2)
Overseas taxation	(11.3)	(16.4)
	(11.5)	(16.6)
Deferred taxation:		
Origination/reversal of timing differences	(1.7)	(0.5)
	(13.2)	(17.1)

The current taxation charge is reconciled to the UK standard rate as follows:

	Eleven months to Nov. 30, 2003 U.S.$m	Twelve months to Dec. 31, 2002 U.S.$m
Profit on ordinary activities before tax	326.5	284.7
Notional tax charge at UK standard rate (2003: 30.0%; 2002: 30.0%)	(98.0)	(85.4)
Effect of overseas taxes at different rates	85.6	61.4
Effect of tonnage tax - permanent differences	0.9	7.4
	(11.5)	(16.6)

There was no charge or credit in respect of profits and losses on sale of ships and other fixed assets. The effective tax rate for the Group is expected to remain very low due to the entry into the UK tonnage tax regime in 2001. Under the tonnage tax regime the Group's UK corporation tax on shipping profits is calculated by reference to the net tonnage of qualifying vessels. Substantially all of the Group's UK revenues and expenses are therefore regarded as permanent differences. The exceptional impairment loss, profit on sale of investments and DLC related transaction costs had no effect on the tax charge for the period.

9. Dividends

	Eleven months to Nov. 30, 2003 U.S.$m	Twelve months to Dec. 31, 2002 U.S.$m
Dividends paid, declared, proposed and accrued are as follows:		
Equity share capital		
First interim dividend paid $0.47 (2002: $0.44) per share	108.0	100.0
Second interim dividend paid $1.09 (2002: $0.22) per share	250.0	50.0
	358.0	150.0

Notes to the financial statements

10. Goodwill

	Group U.S.$m	Company U.S.$m
Cost		
Cost at December 31, 2002	149.4	123.6
Exchange movements	16.9	13.4
Cost at November 30, 2003	166.3	137.0
Amortisation		
Amortisation at December 31, 2002	(22.3)	(3.6)
Exchange movements	(1.8)	(0.4)
Amortisation charge for the period	(1.0)	-
Amortisation at November 30, 2003	(25.1)	(4.0)
Net book value		
At November 30, 2003	141.2	133.0
At December 31, 2002	127.1	120.0

Goodwill costs include $140.1m ($133.0m in the Company) in respect of AIDA, which is regarded as having an indefinite life and is not amortised. The extension in estimated useful life, from 40 years previously, resulted in a reduction to amortisation for the period of $3.0m. In the opinion of the Directors this departure from the requirements of the Companies Act 1985, for goodwill to be amortised, is adopted so that the financial statements give a true and fair view.

11. Ships

	Group Owned U.S.$m	Group Leased U.S.$m	Group Total U.S.$m	Company Owned U.S.$m
Cost at December 31, 2002	5,949.8	148.1	6,097.9	1,999.9
Exchange movements	240.4	-	240.4	240.4
Additions	709.0	10.0	719.0	512.6
Disposals	(1.1)	-	(1.1)	(77.6)
Cost at November 30, 2003	6,898.1	158.1	7,056.2	2,675.3
Depreciation at December 31, 2002	(871.4)	(0.6)	(872.0)	(157.4)
Exchange movements	(48.5)	-	(48.5)	(47.7)
Charge for period	(161.6)	(4.5)	(166.1)	(74.5)
Impairment loss	(50.0)	-	(50.0)	(50.0)
Disposals	-	-	-	3.8
Depreciation at November 30, 2003	(1,131.5)	(5.1)	(1,136.6)	(325.8)
Net book value				
At November 30, 2003	5,766.6	153.0	5,919.6	2,349.5
At December 31, 2002	5,078.4	147.5	5,225.9	1,842.5

Ships under construction included in the above for the Group totalled $396.9m (2002 $907.4m). Ships under construction for the Company, included in the above, totalled $111.6m (2002 $149.5m).

The impairment loss of $50.0 million has been determined in accordance with FRS 11 "Impairment of fixed assets and goodwill" to ensure that the assets are stated at the higher of net realisable value and value in use. The write-down restates a ship to value in use and has been determined using a pre-tax discount rate of 15%.

Notes to the financial statements

12. Properties and other fixed assets

	Group			Company
	Owned land and buildings U.S.$m	Office equipment, plant and motor vehicles U.S.$m	Total U.S.$m	Office equipment, plant and motor vehicles U.S.$m
Cost at December 31, 2002	128.9	239.8	368.7	29.1
Exchange movements	-	2.7	2.7	2.5
Additions	16.7	19.0	35.7	5.0
Disposals	-	(12.1)	(12.1)	(13.6)
Cost at November 30, 2003	145.6	249.4	395.0	23.0
Depreciation				
Depreciation at December 31, 2002	(9.3)	(110.0)	(119.3)	(10.3)
Exchange movements	-	(1.5)	(1.5)	(1.3)
Charge for the period	(3.3)	(24.1)	(27.4)	(5.0)
Disposals	-	9.7	9.7	9.4
Depreciation at November 30, 2003	(12.6)	(125.9)	(138.5)	(7.2)
Net book value				
At November 30, 2003	133.0	123.5	256.5	15.8
At December 31, 2002	119.6	129.8	249.4	18.8

In the Group the book value of owned land is $3.4m (2002 $3.4m), which is not depreciated.

13. Investment

	Parent Company shares held U.S.$m	Joint ventures (unlisted) U.S.$m	Other investments (unlisted) U.S.$m	Total U.S.$m
Group				
Cost or valuation at December 31, 2002	4.4	8.8	4.6	17.8
Exchange movements	0.2	-	-	0.2
Additions	7.3	-	-	7.3
Disposals	(7.7)	(8.8)	-	(16.5)
Cost or valuation at November 30, 2003	4.2	-	4.6	8.8
Provision at December 31, 2002	(1.5)	-	-	(1.5)
Exchange movements	(0.1)	-	-	(0.1)
Disposals	7.5	-	-	7.5
Charge for period	(6.5)	-	(2.6)	(9.1)
Provision at November 30, 2003	(0.6)	-	(2.6)	(3.2)
Net book value				
At November 30, 2003	3.6	-	2.0	5.6
At December 31, 2002	2.9	8.8	4.6	16.3

As at November 30, 2003 the Carnival plc Employee Benefit Trust held 181,370 shares in Carnival plc (2002: 462,761 shares restated for the share reorganisation), with an aggregate nominal value of $0.3m (2002 $0.8m). At November 30, 2003 the market value of these shares was $6.3m (2002 $10.7m). If they had been sold at this value there would have been no tax liability (2002 nil) on the capital gain arising from the sale.

During the period the Group sold its joint venture interest in P&O Travel Limited (Hong Kong).

Notes to the financial statements

13. Investment *(continued)*

	Subsidiaries U.S.$m	Other investments U.S.$m	Total U.S.$m
Company			
At December 31, 2002	2,016.2	11.4	2,027.6
Exchange movements	22.6	-	22.6
Additions	102.9	-	102.9
Disposals	(287.8)	(6.8)	(294.6)
At November 30, 2003	1,853.9	4.6	1,858.5

The principal operating subsidiaries at November 30, 2003 were:

	Country of Incorporation/ Registration	Percentage of equity share capital owned at November 30, 2003	Business Description
Alaska Hotel Properties LLC	U.S.A.	100%*	Hotel operations
Brittany Shipping Corporation Ltd	Bermuda	100%*†	Shipowner
Corot Shipping Corporation (Sociedade Unipessoal) Lda	Portugal	100%*†	Shipowner
CP Shipping Corporation Ltd	Bermuda	100%*†	Shipowner
Fairline Shipping Corporation Ltd	Bermuda	100%*†	Shipowner
Fairline Shipping International Corporation Ltd	Bermuda	100%*†	Shipowner
GP2 Ltd	Bermuda	100%*†	Shipowner
GP3 Ltd	Bermuda	100%*†	Shipowner
Princess Cruises (Shipowners) Ltd	England	100%	Passenger cruising
P&O Travel Ltd	England	100%†	Travel agent
Princess Cruise Lines Ltd	Bermuda	100%*	Passenger cruising and shipowner
Princess Tours Ltd	England	100%†	Shipowner
Royal Hyway Tours Inc	U.S.A.	100%*	Land tours
Sitmar International SRL	Panama	100%*†	Holding company
Tour Alaska LLC	U.S.A.	100%*	Rail tours

† Held directly by the Company.
* Disposed of after November 30, 2003 (see note 25)

14. Stocks

	Group As at Nov. 30, 2003 U.S.$m	Group As at Dec. 31, 2002 U.S.$m	Company As at Nov. 30, 2003 U.S.$m	Company As at Dec. 31, 2002 U.S.$m
Raw materials and consumables	58.6	45.7	7.6	6.3
Goods for resale	40.4	41.7	17.5	10.7
	99.0	87.4	25.1	17.0

Notes to the financial statements

15. Debtors

	Group As at Nov. 30, 2003 U.S.$m	Group As at Dec. 31, 2002 U.S.$m Restated (note 1)	Company As at Nov. 30, 2003 U.S.$m	Company As at Dec. 31, 2002 U.S.$m Restated (note 1)
Amounts recoverable within one year				
Trade debtors	122.1	75.6	72.1	41.0
Amounts owed by subsidiary undertakings	-	-	70.5	438.0
Other debtors	21.6	54.8	21.6	54.8
Prepayments and accrued income	114.7	94.6	48.7	55.2
Total amounts recoverable within one year	258.4	225.0	212.9	589.0

16. Creditors

	Group As at Nov. 30, 2003 U.S.$m	Group As at Dec. 31, 2002 U.S.$m Restated (note 1)	Company As at Nov. 30, 2003 U.S.$m	Company As at Dec. 31, 2002 U.S.$m Restated (note 1)
Amounts falling due within one year				
Overdrafts	-	(14.5)	(148.7)	(14.5)
Bank loans	(251.3)	(98.0)	(195.9)	(223.9)
Finance lease creditors	(8.5)	(7.8)	-	-
Trade creditors	(57.4)	(114.7)	(14.8)	(12.5)
Amounts owed to parent undertaking	(1,359.9)	(1,084.8)	(1,198.1)	(869.9)
Amounts owed to subsidiary undertakings	-	-	(359.0)	(528.2)
Other creditors including taxation and social security	(82.1)	(87.0)	(5.0)	(93.9)
Accruals	(220.0)	(164.5)	(115.3)	(136.6)
Deferred income	(546.0)	(469.9)	(258.8)	(156.6)
	(2,525.2)	(2,041.2)	(2,295.6)	(2,036.1)

	Group As at Nov. 30, 2003 U.S.$m	Group As at Dec. 31, 2002 U.S.$m Restated (note 1)	Company As at Nov. 30, 2003 U.S.$m	Company As at Dec. 31, 2002 U.S.$m Restated (note 1)
Amounts falling due after more than one year				
Bank loans:				
Between one and five years	(1,171.7)	(910.4)	(837.5)	(790.9)
Over five years	(459.6)	(482.4)	(79.1)	(482.4)
Accruals and deferred income	-	(3.1)	-	(0.7)
	(1,631.3)	(1,395.9)	(916.6)	(1,274.0)

Group bank loans and overdrafts include amounts of $848.8m (2002: $840.5m) secured on ships and other assets. In the Company bank loans and overdrafts include amounts of $192.2m (2002: $839.1m) secured on ships and other assets.

Notes to the financial statements

17. Provisions for liabilities and charges

	Deferred taxation U.S.$m	Other U.S.$m	Total U.S.$m
Group			
At December 31, 2002	(11.8)	(1.9)	(13.7)
Exchange differences	-	(0.2)	(0.2)
Charged to profit and loss	(1.7)	(3.5)	(5.2)
At November 30, 2003	(13.5)	(5.6)	(19.1)

At November 30, 2003, other provisions in the Company, charged to profit and loss in the period, were $5.0m (2002: $nil).

During 2001 the Company elected to enter the UK tonnage tax regime which eliminated future potential tax liabilities on its shipping related profits in the UK. The UK tonnage tax election did not cover substantially all of Princess Cruises' ships as the North American cruise operation was not subject to UK corporation tax. The Princess cruise operation was exempt from U.S. federal income tax pursuant to exemptions under Section 883 of the U.S. Internal Revenue Code or under applicable income tax treaties. The Princess U.S. land based tour companies are subject to U.S. and Canadian income taxes, however, the amount is not material.

Deferred taxation comprises:

	Group As at Nov. 30, 2003	Group As at Dec. 31, 2002
Accelerated capital allowances	13.5	11.8

As described in note 25, substantially all of the Company's foreign subsidiaries were sold to Carnival Corporation after November 30, 2003. The subsidiaries disposed of during December 2003 (see note 25) held substantially all of the Group's overseas distributable reserves for which no deferred tax had been provided. No tax is expected to be payable on the disposal of these subsidiaries and the future potential tax liability related to their undistributed overseas reserves has been extinguished. At December 31, 2002 $1,417.3m of undistributed overseas reserves would have been subject to tax if paid as dividends.

18. 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	U.S.$m
At December 31, 2002 and at November 30, 2003	229,051,002	331.0

19. Reserves

	Share premium *account* U.S.$m	Merger *Reserve* U.S.$m	Profit and *loss account* U.S.$m	*Total* U.S.$m
Group				
At December 31, 2002	1,078.9	(70.9)	1,397.1	2,405.1
Prior period adjustment (note 1)	-	-	(93.9)	(93.9)
At December 31, 2002 (as restated)	1,078.9	(70.9)	1,303.2	2,311.2
Exchange movements	-	-	85.9	85.9
Retained loss for the financial period	-	-	(44.7)	(44.7)
At November 30, 2003	1,078.9	(70.9)	1,344.4	2,352.4

Notes to the financial statements

19. Reserves *(continued)*

	Share premium account U.S.$m	Profit and loss account U.S.$m	Total U.S.$m
Company			
At December 31, 2002	1,078.9	45.9	1,124.8
Prior period adjustment (note 1)	-	(39.0)	(39.0)
At December 31, 2002 (as restated)	1,078.9	6.9	1,085.8
Exchange movements	-	77.5	77.5
Retained profit for the financial period	-	21.8	21.8
At November 30, 2003	1,078.9	106.2	1,185.1

In accordance with s230 of the Companies Act 1985 the Company has not presented its own profit and loss account. The profit attributable to shareholders of the Company for the period was $379.8m (2002 $95.8m).

20. Pension arrangements

The Group is a contributing employer to various pension schemes, including some multiemployer merchant navy industry schemes.

In the UK, P&O Cruises operates its own defined benefit pension scheme, the assets of which are managed on behalf of the trustee by independent fund managers. This scheme is closed to new membership. As at March 31, 2001, the date of the most recent formal actuarial valuation, the scheme had assets with a market value of $60.9m, representing 102 per cent of the benefits accrued to members allowing for future increases in earnings. Approximately 70 per cent of the scheme's assets are invested in bonds and 30 per cent in equities. The principal valuation assumptions were as follows:

	%
Rate of salary increases	4.0
Rate of pension increases	2.5
Discount rate	5.25
Expected return on assets	5.25

The Merchant Navy Ratings Pension Fund ("MNRPF") is a defined benefit multiemployer scheme in which British sea staff employed by companies within the Group have participated. The scheme has a significant funding deficit and has been closed to further benefit accrual. Companies within the Group, along with other employers, are making payments into the scheme under a non-binding Memorandum of Understanding to reduce the deficit. Payments by group companies to the scheme in 2003 totalled $1.5m, which represented 7 per cent of the total payments made by all employers. As at March 31, 2002, the date of the most recent formal actuarial valuation, the scheme had assets with a market value of $814m, representing 84 per cent of the benefits accrued to members. Approximately 68 per cent of the scheme's assets were invested in bonds, 25 per cent in equities and 7 per cent in property. The valuation assumptions were as follows:

	%
Rate of salary increases	4.0
Rate of pension increases (where increases apply)	2.5
Discount rate	5.8
Expected return on assets	5.8

Notes to the financial statements

20. Pension arrangements *(continued)*

The Merchant Navy Officers Pension Fund ("MNOPF") is a defined benefit multiemployer scheme in which British officers employed by companies within the Group have participated and continue to participate. This scheme is closed to new membership. The share of the contributions being made to the scheme by group companies (based on the eleven months to November 30, 2003) was approximately 6 per cent. However, the extent of each participating employer's liability for any deficit in the scheme is uncertain, and is the subject of ongoing litigation. Accordingly, the Group accounts for the scheme on a contributions paid basis, as if it were a defined contribution scheme. The scheme is divided into two sections – the New Section and the Old Section. As at March 31, 2003, the date of the most recent formal actuarial valuation, the New Section had assets with a market value of $1,983m, representing approximately 86 per cent of the benefits accrued to members. The valuation assumptions were as follows:

	%
Rate of salary increases	4.0
Rate of pension increases (where increases apply)	2.5
Discount rate	7.7
Expected return on assets	7.7

At the date of the valuation, approximately 59 per cent of the New Section's assets were invested in equities, 28 per cent in bonds and 13 per cent in property and cash. The estimated current position under FRS17 is set out below. The Old Section has been closed to benefit accrual since 1978. As at March 31, 2003, the date of the most recent formal actuarial valuation, the Old Section had assets with a market value of $2,235m representing approximately 115 per cent of the benefits accrued to members. The assets of the Old Section are substantially invested in bonds. Contributions from group companies to the MNOPF during the period to November 30, 2003 were $1.1m.

The Group also operates a number of smaller defined benefit schemes in the U.S. ("U.S. plans") which are unfunded, other than assets in a rabbi trust held on the Group's balance sheet, and makes contributions to various defined contribution schemes in various jurisdictions.

The pension charges arising from the schemes described above were:

	2003 U.S.$m	2002 U.S.$m
The P&O Cruises Pension Scheme	4.1	5.5
Merchant Navy pension funds	2.6	2.8
U.S. plans and other overseas plans	4.7	3.8
	11.4	12.1

Differences between the amounts charged and the amounts paid by the Group are included in prepayments or creditors as appropriate. At November 30, 2003, total prepayments amounted to $7.0m (2002 $6.3m), and total creditors amounted to $19.7m (2002 $14.3m), giving a net pension liability in the balance sheet of $12.7m (2002 $8.0m).

Additional information presented under FRS17 "Retirement Benefits"

While the group continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension Costs', under FRS17 'Retirement Benefits' the following additional information has been presented in respect of the P&O Cruises Pension Scheme, Carnival plc's share of the MNRPF and the unfunded U.S. plans. In accordance with FRS 17, the MNOPF is not included in this analysis as the Group's share of its underlying assets and liabilities cannot be identified with certainty. However, some additional information on the overall funding position of the MNOPF is provided below.

Notes to the financial statements

20. Pension arrangements *(continued)*

The actuarial valuations of the P&O Cruises scheme, the Group's share of the MNRPF and the unfunded U.S. plans were estimated at November 30, 2003 and December 31, 2002 by the Group's qualified independent actuary. The assumptions used are best estimates chosen from a range of possible actuarial assumptions, which may not necessarily be borne out in practice. Using weighted averages, these assumptions for the UK and U.S. schemes together were as follows:

	2003	2002	2001
	%	%	%
Rate of increase in salaries	4.0	4.1	4.1
Rate of increase in pensions (where increases apply)	2.5	2.5	2.5
Discount rate	5.3	5.2	5.6
Expected return on assets (only relevant for UK schemes):			
- equities	7.5	5.1	5.5
- bonds	5.3	5.1	5.5
- gilts (government bonds)	4.8	5.1	5.5

The aggregated assets and liabilities in the UK and U.S. plans as at November 30, 2003 and December 31, 2002 were estimated to be as follows:

	2003	*2003*	*2002*	*2002*	*2001*	*2001*
		Expected rate		Expected rate		Expected rate
	Value	of return	Value	of return	Value	of return
	U.S.$m	%	U.S.$m	%	U.S.$m	%
Equities	52.5	7.5	42.9	5.1	34.1	5.5
Bonds	87.3	5.3	80.2	5.1	86.9	5.5
Gilts	18.0	4.8	13.6	5.1	-	-
Total market value of assets	157.8	6.0	136.7	5.1	121.0	5.5
Present value of the schemes' liabilities	(195.6)		(178.0)		(146.2)	
Net pension liability	(37.8)		(41.3)		(25.2)	

(this analysis excludes pension assets held in a rabbi trust of $7.1m (2002 $4.8m) but includes the U.S. plans' liabilities)

The net pension liability of $37.8m (2002 $41.3m) compares with the net pension liability accounted for under SSAP 24 of $12.7m (2002 $8.0m).

On full compliance with FRS17, the amounts that would have been charged to the consolidated profit and loss account and consolidated statement of total recognised gains and losses for these UK and U.S. plans for the period ended November 30, 2003 would have been as follows:

	2003	2002
	U.S.$m	U.S.$m
Analysis of amounts charged to operating profits:		
Current service cost	(5.0)	(7.3)
Past service costs	-	-
Total charged to operating profit	(5.0)	(7.3)
Analysis of amount credited to other finance income:		
Interest on pension scheme liabilities	(8.7)	(8.9)
Expected return on assets in the pension schemes	6.5	7.0
Net charge to other finance income	(2.2)	(1.9)

The total profit and loss charge of $7.2m compares with $11.4m under SSAP 24.

Analysis of amounts recognised in Statement of Recognised Gains and Losses (STRGL):		
Actual return less expected return on assets	3.0	(11.4)
Experience (loss)/gain on liabilities	(4.3)	9.4
Gain/(loss) on change of assumptions (financial and demographic)	6.7	(11.8)
Total gain/(loss) recognised in STRGL before adjustment for tax	5.4	(13.8)

Notes to the financial statements

20. Pension arrangements *(continued)*

History of experience gains and losses	2003	2002
Actual return less expected return on assets	$3.0m	($11.4m)
As a % of scheme assets at end of period	1.9%	8.3%
Experience (loss)/gain on scheme liabilities	($4.3m)	$9.4m
As a % of scheme liabilities at end of period	2.2%	5.3%
Total actuarial gain/(loss) recognised in STRGL	$5.4m	($13.8m)
As a % of scheme liabilities at end of period	2.8%	7.8%

	2003	2002
Movement in net pension liability in the scheme during the period	U.S.$m	U.S.$m
Net pension liability at January 1, 2003	(41.3)	(25.2)
Contributions paid	6.4	6.1
Current service cost	(5.0)	(7.3)
Other finance charge	(2.2)	(1.9)
Actuarial gain/(loss)	5.4	(13.8)
Exchange	(1.1)	0.8
Net pension liability at November 30, 2003	(37.8)	(41.3)

As of March 31, 2003, the date of the most recent formal actuarial valuation prepared by the MNOPF's actuary, the New Section of the MNOPF was estimated to have a fund deficit of approximately £200 million, or $340 million, assuming a 7.7% discount rate. At November 30, 2003, our external actuary informally updated the March 31, 2003 valuation and estimated that the New Section deficit was approximately £640 million, or $1.1 billion, assuming a 5.3% discount rate. The 5.3% is the assumed discount rate we have used for determining our other foreign pension plans obligations. Based solely upon our share of current contributions to the MNOPF, our share of these deficit amounts would be between $20 million and $65 million, depending on whether the deficit was $340 million or $1.1 billion, respectively. However, the extent of our portion of any liability with respect to the fund's deficit is uncertain, and is the subject of ongoing litigation, the outcome of which cannot be determined at this time. In addition, the amount of the fund deficit is subject to estimates and assumptions, which could cause the deficit amount to vary considerably.

On full adoption of FRS17, which is currently expected to be in the year ended November 30, 2006, the difference between the fair value of the assets held in the Group's UK pension scheme and the value of the scheme's liabilities measured on an actuarial basis, using the projected unit method, will be recognised in the balance sheet as a pension scheme asset or liability, as appropriate, which would have a consequential effect on reserves. The carrying value of any resulting pension scheme asset would be restricted to the extent that the Group is able to recover the surplus either through reduced future contributions or refunds. Due to the group's tax structure the effect of deferred tax on the resulting pension scheme asset or liability is expected to be minimal. Movements in the defined benefit pension scheme asset or liability would be taken to the profit and loss account or directly to reserves.

21. Related party transactions

Mr. Horst Rahe, a non-executive director of the Carnival plc, the Company's immediate parent company, who resigned on April 17, 2003, had an interest in the deferred consideration arrangement relating to the Group's purchase of AIDA Cruises Limited in November 2000. The outstanding consideration of €58.8 million was paid following the formation of the DLC.

On December 5, 2003, the Company sold the A'ROSA river cruise business to Arkona AG, a German-based leisure travel supplier that is controlled by Mr. Horst Rahe. The price of the transaction, which included A'ROSA's three 200-passenger riverboats and the A'ROSA trademark, was approximately €63.5 million, including €800,000 payable for the goodwill of the business. As part of the transaction, the Company agreed, through its Seetours operating unit, to provide certain technical support and sales and marketing services to Arkona AG for the A'ROSA business until the end of 2004.

In July 2002 the Company entered into a lease on an office property in Germany with a company in which Mr. Horst Rahe has an interest. The lease is for a term of 10 years, commencing in 2004, with options to extend. The rent payable under the lease each year varies over the term of the lease, within the range €350,000 to €500,000. These figures are net of relevant regional government grants.

Notes to the financial statements

22. Commitments

Capital - Contracted

	As at Nov. 30, 2003 U.S.$m	As at Dec. 31, 2002 U.S.$m
Ships	1,950.0	1,790.0
Other	9.7	-
	1,959.7	1,790.0

Ship capital commitments at November 30, 2003 include contract stage payments, design and engineering fees, construction oversight costs, various owner supplied items and capitalised interest. Company capital commitments at November 30, 2003 were $363.4m (2002: $555.0m).

Other commitments at each period end, in respect of the next year, under non-cancellable operating leases are as follows:

	Property 2003 U.S.$m	Other 2003 U.S.$m	Total 2003 U.S.$m	Property 2002 U.S.$m	Other 2002 U.S.$m	Total 2002 U.S.$m
Expense in 2004 or 2003 on leases expiring:						
Within one year	0.3	0.1	0.4	0.4	0.4	0.8
Between one and five years	2.1	11.5	13.6	0.2	12.0	12.2
After five years	11.1	-	11.1	9.6	-	9.6
	13.5	11.6	25.1	10.2	12.4	22.6

23. Contingent liabilities

At November 30, 2003, all of Carnival plc's $1.20 billion of debt was unconditionally guaranteed by the Company. On June 19, 2003, the Company, Carnival Corporation and Carnival plc executed a deed of guarantee under which the Company agreed to guarantee all indebtedness and related obligations of both Carnival Corporation and Carnival plc incurred under agreements entered into after April 17, 2003, the date the DLC transaction was completed. Under this deed of guarantee, the Company also agreed to guarantee all other Carnival Corporation and Carnival plc indebtedness and related obligations that Carnival Corporation and Carnival plc agreed to guarantee under their deeds of guarantee. Following the restructuring described in note 25 the Company guarantee was released in accordance with its terms.

The Group has also provided counter indemnities relating to bonds provided by third parties in support of the Group's obligations arising in the normal course of business. Generally these bonds are required by travel industry regulators in the various jurisdictions in which the Group operates and any liabilities arising from them are considered remote.

24. Ultimate holding company

As at November 30, 2003 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 17 April 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.

Notes to the financial statements

25. Post balance sheet events

On December 1, 2003 Carnival Corporation & plc commenced a corporate restructuring involving the transfer within the DLC group of subsidiary companies below Carnival Corporation and Carnival plc. These transactions were undertaken primarily to facilitate business integration and the flow of funds between affiliated companies.

As part of this restructuring the Company disposed of its holding in Sitmar International SRL to Carnival plc. The proceeds on disposal, which were equivalent to the carrying value of the investment, were $1,368.4m.

On February 27, 2004 substantially all the Company's assets and liabilities connected with the UK, German and Australian cruise businesses and the indirect investments in the U.S. land based tour operations were sold to Carnival plc. Substantially all of these sales were at book value and are not expected to give rise to a significant gain or loss.

Immediately following delivery of the Caribbean Princess in March 2004 the Company disposed of the vessel to Princess Cruise Lines Ltd.