



**Carnival plc
(formerly P&O Princess Cruises plc)
UK GAAP Summary Financial Statement
(excluding Directors' Report and
Directors' Remuneration Report)**

Registered number: 4039524

The standalone Carnival plc UK GAAP Summary Financial Statement is required to satisfy statutory reporting requirements in the UK and does not include the results of Carnival Corporation. However, the Directors consider that within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. GAAP financial statements of Carnival Corporation & plc, which is included in the consolidated Carnival Corporation & plc 2003 Annual Report that accompanies this document.

Independent auditors' statement to the members of Carnival plc

We have examined the Summary Financial Statement of Carnival plc.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Summary Financial Statement, incorporating the additional information as described on page 2, in accordance with applicable law. Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement, including the additional information as described on page 2, with the annual financial statements, the Directors' Report and the Directors' Remuneration Report, and its compliance with the relevant requirements of Section 251 of the United Kingdom Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Proxy Statement and the Carnival Corporation & plc 2003 Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

This statement, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 251 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 statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6, "The auditors' statement on the summary financial statement" issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the Summary Financial Statement is consistent with the Annual Financial Statements, the Directors' Report and the Directors' Remuneration Report of Carnival plc for the period ended November 30, 2003 and complies with the applicable requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
February 25, 2004

The auditors' report on the full financial statements for the eleven months ended November 30, 2003 was unqualified and did not include a statement under Section 237 (2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or Section 237 (3) (failure to obtain necessary information and explanations) of the Companies Act 1985.

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Summary Financial Statement

The Summary Financial Statement of Carnival plc comprises the information on pages 2 to 5 herein together with the Directors' Report on pages 1 to 5 of Annex A to the Proxy Statement and the Directors' Remuneration Report on pages 1 to 18 of Annex B to the Proxy Statement.

The Summary Financial Statement does not give all the information needed to gain as full an understanding of the results and state of affairs of the Carnival plc group (being Carnival plc and its subsidiary undertakings) as the full UK Annual Report and Accounts. To receive a free copy of the full UK Annual Report and Accounts which consists of the Directors' Report and Directors' Remuneration Report, the Carnival Corporation & plc 2003 Annual Report and the Carnival plc 2003 financial statements for this or future years, please contact our registrar, details of which can be found on the inside back cover of the Carnival Corporation & plc 2003 Annual Report. The Carnival plc group standalone financial information excludes the results of Carnival Corporation and is prepared under UK GAAP, whereas the Carnival Corporation & plc financial statements include the results of Carnival Corporation for the full year and Carnival plc from April 17, 2003 to November 30, 2003 and are prepared under U.S. GAAP.

Summarised Group profit and loss account

	Eleven months to November 30, 2003			Twelve months to December 31, 2002
	Continuing operations	Discontinued operations	Total	U.S.\$m Restated (note 2)
	U.S.\$m	U.S.\$m (note 3)	U.S.\$m	
Turnover	1,403.4	1,398.7	2,802.1	2,519.5
Cost of sales before exceptional item	(1,096.7)	(1,008.7)	(2,105.4)	(1,893.9)
Exceptional impairment loss	(50.0)	—	(50.0)	—
	<u>(1,146.7)</u>	<u>(1,008.7)</u>	<u>(2,155.4)</u>	<u>(1,893.9)</u>
Administrative expenses before exceptional costs	(138.5)	(124.9)	(263.4)	(214.8)
Exceptional transaction costs	(30.7)	—	(30.7)	(117.0)
	<u>(169.2)</u>	<u>(124.9)</u>	<u>(294.1)</u>	<u>(331.8)</u>
Total operating profit	<u>87.5</u>	<u>265.1</u>	<u>352.6</u>	<u>293.8</u>
(Loss)/profit on sale of businesses			(2.7)	1.2
Net interest payable and similar items			(87.0)	(74.0)
Profit on ordinary activities before taxation			<u>262.9</u>	<u>221.0</u>
Taxation			(13.2)	(17.1)
Profit on ordinary activities after taxation			<u>249.7</u>	<u>203.9</u>
Dividends			(94.2)	(83.2)
Retained profit for the financial period			<u>155.5</u>	<u>120.7</u>
Earnings per share				
Basic earnings per share (in U.S. dollars)			\$ 1.19	\$ 0.98
Diluted earnings per share (in U.S. dollars)			\$ 1.19	\$ 0.98
Dividends per share (in U.S. dollars)			\$ 0.46	\$ 0.40

See accompanying notes to the Summary Financial Statement.

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Summarised Group balance sheet

	As at November 30, 2003	As at December 31, 2002
	U.S.\$m	U.S.\$m Restated (note 2)
Fixed assets		
Intangible assets		
Goodwill	141.2	127.1
Tangible assets		
Ships	6,073.3	5,380.0
Properties and other fixed assets	256.5	249.4
Investments	5.6	16.3
	<u>6,476.6</u>	<u>5,772.8</u>
Current assets		
Stocks	99.0	87.4
Debtors	282.3	225.0
Cash at bank and in hand	186.3	162.1
	567.6	474.5
Creditors: amounts falling due within one year	(1,300.1)	(996.7)
Net current liabilities	(732.5)	(522.2)
Total assets less current liabilities	5,744.1	5,250.6
Creditors: amounts falling due after more than one year	(2,783.7)	(2,516.8)
Provisions for liabilities and charges	(19.1)	(13.7)
	<u>2,941.3</u>	<u>2,720.1</u>
Capital and reserves		
Called up share capital	349.0	346.7
Share premium account	29.2	3.7
Other reserves	35.6	93.1
Merger reserve	910.3	910.3
Profit and loss account	1,616.9	1,366.1
Equity shareholders' funds	2,941.0	2,719.9
Equity minority interests	0.3	0.2
	<u>2,941.3</u>	<u>2,720.1</u>

See accompanying notes to the Summary Financial Statement.

Approved by the Board of directors on February 25, 2004 and signed on its behalf by:

Micky Arison

Howard S. Frank

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Notes to the Summary Financial Statement

1. Basis of preparation

On April 17, 2003, Carnival Corporation and Carnival plc (formerly known as P&O Princess Cruises plc) completed a dual listed company ("DLC") transaction (the "DLC transaction"), which implemented the Carnival Corporation & plc DLC structure. The DLC structure combined the businesses of Carnival Corporation and Carnival plc through a number of contracts and amendments to Carnival Corporation's articles of incorporation and by-laws and to Carnival plc's memorandum of association and articles of association. The two companies have retained their separate legal identities and each company's shares continue to be publicly traded on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc's ADS's are traded on the NYSE. However, the two companies operate as if they were a single economic enterprise. The contracts governing the DLC structure provide that both companies each continue to have separate boards of directors, but the boards and senior executive management of both companies are identical.

In order to provide the Carnival Corporation and Carnival plc shareholders with the most meaningful picture of their economic interest in the DLC formed by Carnival Corporation and Carnival plc (collectively known as "Carnival Corporation & plc"), consolidated financial statements and management commentary of Carnival Corporation & plc have been included in the Carnival Corporation & plc 2003 Annual Report. The consolidated Carnival Corporation & plc financial statements have been prepared under purchase accounting principles whereby the DLC transaction has been accounted for as an acquisition of Carnival plc by Carnival Corporation. Therefore, the consolidated Carnival Corporation & plc financial statements include Carnival plc from April 17, 2003, being the effective date of the acquisition by Carnival Corporation, to November 30, 2003 and Carnival Corporation for the full year ended November 30, 2003. These consolidated Carnival Corporation & plc financial statements have been prepared under U.S. GAAP on the basis that all significant financial and operating decisions affecting the DLC companies are taken on the basis of U.S. GAAP information and consequences.

The standalone Carnival plc UK GAAP Summary Financial Statement is required to satisfy statutory reporting requirements in the UK and does not include the results of Carnival Corporation. However, the Directors consider that within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. GAAP financial statements of Carnival Corporation & plc, which are included in the consolidated Carnival Corporation & plc 2003 Annual Report that accompanies this document.

2. Prior year adjustments on implementation of the Carnival Corporation & plc DLC

Following the completion of the DLC transaction the following accounting policies were amended so as to conform with those of Carnival Corporation. In addition, Carnival plc 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

Carnival plc'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. Carnival plc'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.

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(b) Dry-docking costs

Carnival plc'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. Carnival plc'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

Carnival plc'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. Carnival plc'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 Carnival plc's 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).

3. Post balance sheet event

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 are being undertaken primarily to facilitate business integration and the flow of funds between affiliated companies.

The principal transactions of the reorganisation, which is expected to be substantially complete by April 2004, are:

- the transfer by Carnival plc to Carnival Corporation of Princess Cruise Lines Limited and a number of related ship owning entities, the companies which operate and own substantially all of Princess Cruises, together with its obligations under public and private U.S. dollar notes and related derivatives; and
- the transfer by Carnival Corporation to Carnival plc of the cruise operations of both Cunard Line Limited, excluding Seabourn Cruise Line, and Costa Finance S.A., as well as Carnival Corporation's U.S., UK and Mexican land based operations, including its Alaska and Canadian Yukon tour business.

The consideration for the transfer of assets, liabilities and financial instruments between the two companies was or will be based on fair market values.

Pursuant to these transactions, Princess Cruises is treated as a discontinued operation in the Carnival plc 2003 Annual Report. Princess Cruises' turnover for the eleven month period was \$1,398.7m (2002 – twelve months \$1,364.1m) and operating profit was \$265.1m (2002 – twelve months \$228.2m).

This series of transactions is effectively a group reconstruction and Carnival plc will apply merger accounting principles to reflect the combination with Cunard, Costa and the other assets being acquired from Carnival Corporation. These transactions do not give rise to a consolidated profit or loss.

