INTRODUCTION

1. This is a federal class action on behalf of purchasers of the common stock of CP Ships Ltd. ("CP Ships" or the "Company") between the period January 29, 2003 and August 9, 2004, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. As alleged herein, during the relevant period, the period between April 17, 2002 and August 9, 2004 (the "Relevant Period"), in connection with the sale of securities, defendants published a series of materially false and misleading statements which defendants knew and/or recklessly disregarded were false and materially misleading at the time of such publication, and which omitted to reveal material information necessary to make defendants’ statements, in light of such material omissions, not materially false and misleading.

3. On August 9, 2004, defendants shocked the market and issued a release which revealed, for the first time during the Relevant Period, that CP Ships had illegally and improperly artificially inflated its revenues and earnings for at least 9 consecutive quarters!

On this day, defendants revealed that CP Ships’ financial statements for all of 2002 and 2003...
and the first quarter of 2004 were not prepared in accordance with generally accepted accounting principles and, therefore, were wholly unreliable and did not reflect the true financial and operational condition of the Company at any time during either the Relevant Period or the Class Period.

4. In fact, the nine quarter restatement of the Company’s financial results had such a substantial impact on CP Ships reported results that, according to August 9, 2004 release, CP Ships would be forced to reduce its 2003 reported profits by as much as 36%. The Company, which had previously delayed the release of its second quarter results by a week, suddenly revealed that its new “SAP accounting system” had revealed insufficient accruals for certain costs, and it said certain December 31, 2003 balances need to be written off. Also according to this release, the restatement is expected to have the following additional adverse effects on the Company:

* The main effect of the restatement will be on 2003 results, where net income will be cut between $22 million and $27 million.

* Net profit for the year would be slashed to between $47 million and $52 million from the initially reported $74 million.

* 2002 net income, reported at $52 million, would be cut by about $7 million.

* First-quarter 2004 net income will be reduced by about $6 million from the $8 million.

* Pending completion of the review and publication of revised financial statements, the Company’s previously reported financial statements for the 2003 and 2002 years or first quarter 2004 were deemed unreliable.

5. These belated and shocking disclosures had a devastating impact on the price of CP Ship shares and, immediately following the publication of defendants’ corrective disclosure, on August 9, 2004, shares of the Company plummeted — falling over $3.70 per share, or 22.4%, to $12.85 per share on the New York Stock Exchange, and also falling approximately 21.5% on
the Toronto Stock Exchange, where Company shares are also traded. More than 5 million shares changed hands by the close of trading, well above the 90-day average trading volume of around 320,000 shares. The Chart below also documents the dramatic decline in the price of CP Ships shares, following defendants' August 9, 2004 release:

6. At least one analyst called this radical share price decline a "a proper reaction... given that we don't know how much the cost structure is being impacted by these revisions, the earnings number for next year is uncertain. That is what the market is reflecting." Although the changes don't have an effect on cash, most surprising was the magnitude of the revision and its effect on profit for all of 2003, the analyst said. "You wouldn't expect a change in your accounting system to cause a big drop in your earnings, typically, unless your accounting was completely wrong before," the analyst said. At this time, Robert Fay, analyst at Canaccord Capital, also lowered his profit estimate for CP Ships to $1.20 a share in 2004, compared with his earlier forecast of $1.58 a share and lowered his 2005 estimate to a profit of $1.60 a share versus his earlier $2.10 a share.

7. As investors now realize, defendants were motivated to and did conceal the true operational and financial condition of CP Ships during the Class Period, and during the longer Relevant Period, and materially misrepresented and failed to disclose the conditions that were adversely affecting CP Ships throughout this time, because it allowed defendants to raise hundreds of millions of dollars in security offerings on very favorable terms, which would not
have otherwise been available to the Company. In fact, during the Class Period, defendants were motivated to conceal the true operational and financial condition of the Company because:

* It enabled defendants to sell at least $200 million of CP Ships Convertible Notes - convertible into shares of the Company stock valued at over $25.22 per share - on or about February 24, 2004, which money defendants controlled following this offering.

* It enabled defendants to negotiate a new $525 million credit facility on or about March 25, 2004, while in possession of material adverse information, upon terms much more favorable than defendants would have been able to negotiate after the market came to understand the true operational and financial condition of CP Ships.

JURISDICTION AND VENUE

8. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the United States Securities and Exchange Commission ("SEC") [17 C.F.R. § 240.10b-5].


10. Venue is proper in this District pursuant to Section 27 of the Exchange Act, and 28 U.S.C. § 1391(b). CP Ships maintains its principal place of business in this District and/or many of the acts and practices complained of herein occurred in substantial part in this District. Moreover, because CP Ships is a non-U.S. company which does substantial business in the United States and because its securities are listed on the New York Stock Exchange, a nationally listed market exchange, defendant CP Ships and the individual defendants may properly be sued in any District Court in the nation, CP Ships also maintains its U.S. corporate office located in Tampa, Florida.

11. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not
limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

12. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased the common stock of CP Ships at artificially inflated prices during the Class Period and has been damaged thereby.

13. Defendant CP Ships Ltd. is a non-U.S. corporation with its principal place of business located in the United States located at 5701 E. Hillsborough Avenue, Suite 2120, Tampa, Florida, 33610. According to the Company’s profile, CP Ships is a container shipping company that provides door-to-door, as well as port-to-port containerized services, for the international transportation of a range of industrial and consumer goods, including raw materials, semi-manufactured and finished goods. The Company operates a fleet of 80 ships in 22 trade lanes focusing on four principal markets. During the year ended December 31, 2003, the Company transported approximately 2.2 million 20-foot equivalent units on behalf of approximately 23,700 customers.

14. Defendant RAY MILES ("Miles") is and during the Class Period was President, Chief Executive Officer and a member of the Board of the Company. During the Class Period, defendant Miles made materially false and misleading statements contained in the Company’s releases and/or signed the Company’s materially false and misleading SEC filings.

15. Defendant IAN WEBBER ("Webber") was during the relevant period, Chief Financial Officer of the Company. During the Class Period, defendant Webber made materially false and misleading statements contained in the Company’s releases and/or signed the Company’s materially false and misleading SEC filings. Prior to joining the Company in 1996,
defendant Webber served for 17 years with PricewaterhouseCoopers LLP, the last five as an audit partner.

16. Defendant FRANK HALLIWELL ("Halliwell") was during the relevant period, Chief Operating Officer and a Director and member of the Company’s Executive Committee of CP Ships. During the Class Period, defendant Halliwell made materially false and misleading statements contained in the Company’s releases and/or signed the Company’s materially false and misleading SEC filings.

17. The defendants referenced above in ¶14-16 are referred to herein as the “Individual Defendants.”

18. Defendant PRICewaterhousecopERS LLP is and during the relevant period was the Company’s independent auditors, responsible for reviewing the Company’s financial results and also for sampling and testing these results to reasonably assure the correctness and completeness of such disclosures.

19. Because of the Individual Defendants’ positions with the Company, they had access to the adverse undisclosed information about its business, operations, products, operational trends, financial statements, markets and present and future business prospects via access to internal corporate documents (including the Company’s operating plans, budgets and forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

20. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the
Company’s public filings, press releases and other publications as alleged herein are the collective actions of the narrowly defined group of defendants identified above. Each of the above officers of CP Ships, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, products, growth, financial statements, and financial condition, as alleged herein. Said defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

21. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was traded on the New York Stock Exchange (the “NYSE”), and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly, accurate and truthful information with respect to the Company’s financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company’s publicly-traded common stock would be based upon truthful and accurate information. The Individual Defendants’ misrepresentations and omissions during the Class Period violated these specific requirements and obligations.
22. The Individual Defendants participated in the drafting, preparation, and/or approval of the various public and shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with CP Ships, each of the Individual Defendants had access to the adverse undisclosed information about CP Ships’s business prospects and financial condition and performance as particularized herein and knew (or recklessly disregarded) that these adverse facts rendered the positive representations made by or about CP Ships and its business issued or adopted by the Company materially false and misleading.

23. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

24. Each of the defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of CP Ships common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding CP Ships’ business, operations, management and the intrinsic value of CP Ships common stock; (ii) enabled the defendants to
sell almost $200 million of convertible notes and also allowed defendants to secure a $525 million credit facility on very favorable terms during the Class Period; and (iii) caused plaintiff and other members of the Class to purchase CP Ships common stock at artificially inflated prices.

PLAINTIFF’S CLASS ACTION ALLEGATIONS

25. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired the common stock of CP Ships between January 29, 2003 and August 9, 2004, inclusive (the “Class”) and who were damaged thereby. Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

26. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, CP Ships common shares were actively traded on the NYSE. Throughout this time the Company had almost 90 million shares issued and outstanding, which shares traded in the United States on the NYSE and in Canada on the Toronto Stock Exchange. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by CP Ships or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.
27. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

28. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

29. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

   (a) whether the federal securities laws were violated by defendants' acts as alleged herein;

   (b) whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of CP Ships; and

   (c) to what extent the members of the Class have sustained damages and the proper measure of damages.

30. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.
SUBSTANTIVE ALLEGATIONS

Background

31. **The Company.** CP Ships is a London-based, container shipping company which purports to provide door-to-door as well as port-to-port containerized services for the international transportation of a industrial and consumer goods. Throughout the Class Period the Company operated a fleet of at least 80 ships in 22 trade lanes in four principal markets. During the year ended December 31, 2003, CP Ships transported 2.2 million 20-foot equivalent units on behalf of approximately 23,700 customers. For the three months ended March 31, 2004, the Company reported revenues of $815 million and net income, prepared in accordance with generally accepted accounting principles, totaled $17 million.

32. Little did investors realize, however, at the time that defendants published 1Q:04 results, defendants had artificially inflated the Company’s financial results and materially misrepresented SP Ships’ net income and profits - - not only for periods within the Class Period but also during the period leading up to the Class Period and dating all the way back to April 2002. In fact, during the period April 2002 through the inception of the Class Period, defendants also issued a series of press releases which materially misrepresented the financial and operational condition of the Company regardless of the fact that, at that time, the Company’s financial statements were inaccurate and wholly unreliable ad not prepared in accordance with generally accepted accounting principles.

33. Rather than disclose the true financial and operational condition of the Company, throughout this time defendants represented, in part, the following:
| Date       | Release   | Statement                                                                                                                                                                                                
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>04/17/02</td>
<td>1Q:2002 Release</td>
<td><strong>1Q:02</strong> Loss from operations US$6M, with a loss per share of $0.14. <strong>Outlook:</strong> “The start of 2002 has been as difficult as was stated in the last quarterly report. Although this year is anticipated to be a trough in the industry cycle, we still expect to be profitable for the year overall, with continuing cost reductions and modest market improvements mostly from trade lane rationalization of capacity.”</td>
</tr>
<tr>
<td>07/26/02</td>
<td>2Q:2002 Release</td>
<td><strong>2Q:02</strong> Operating income was US$21M, a <strong>$27M improvement</strong> from the $6 million operating loss in 1Q:02. Net income for 2Q:02 was $16M and basic EPS was $0.20. <strong>Ray Miles:</strong> &quot;Given difficult market conditions, which lead many of our competitors to sustain losses, we consider our second quarter $21 million operating income to be an excellent result.&quot;</td>
</tr>
<tr>
<td>10/30/02</td>
<td>3Q:2002 Release</td>
<td><strong>3Q:02</strong> Operating income was US$33M, a <strong>$12 million improvement</strong> from the $21M reported in 2Q:02. Net income for 3Q:02 was $17M compared to a loss of $9M reported in 3Q:01. Basic EPS was $0.26. <strong>Ray Miles:</strong> &quot;Stronger than expected volume particularly in the TransAtlantic and generally improved average freight rates led to better results for the quarter.&quot;</td>
</tr>
</tbody>
</table>
| 1/29/03    | 4Q/FY:2002 Release | **FY:02.** For the full year operating income was US$83M with net income of $52M. Basic EPS for FY:02 was $0.59. Return on average capital was reported at 6%. "After a weak start, **CP Ships recorded a solid result for 2002 with stronger than expected volume,** significant cost reduction and, in the second half, a slowing or reversal of freight rate declines in all of our markets except Latin America. Providing there is sound US and world economic growth, we expect the approximate global balance between supply of ship capacity and container demand broadly achieved during 2002 to be maintained in 2003.... For the year overall, we anticipate volume to increase and freight rates to improve modestly, despite facing competitive challenges."

34. Unbeknownst to investors, however, from the inception of the Relevant Period and continuing throughout the Class Period, the Company was suffering from a host of undisclosed adverse factors which were negatively impacting its business and which would cause
it to report declining financial results, materially less than the market expectations defendants had caused and cultivated. To hide the fact that the Company’s business was performing much worse than expected, throughout this time defendants misrepresented and or failed to disclose the following:

- **At all times during the Class Period, the Company’s financial statements were not accurate or reliable and were not prepared in accordance with generally accepted accounting principles.**

- **Throughout the Class Period, defendants materially overstated the Company’s earnings, net income and revenues and had failed to accrue all necessary charges and to record all asset impairment charges on a timely basis in accordance with generally accepted accounting principles.**

- **Throughout the Class Period, defendants did not maintain an adequate system of internal financial and operational controls so as to reasonably assure the accuracy and veracity of the Company’s financial statements and reports to the SEC.**

- **As a result of the aforementioned adverse conditions which defendants failed to disclose, throughout the Class Period, defendants lacked any reasonable basis to claim that CP Ships was operating according to plan or that the Company could maintain profitability or even remain a viable entity in the foreseeable near-term.**

35. Defendants were motivated to and did conceal the true operational and financial condition of CP Ships during the Class Period, and throughout the longer Relevant Period, and materially misrepresented and failed to disclose the conditions that were adversely affecting CP Ships throughout this time, because it allowed defendants to raise hundreds of millions of dollars from security offerings, on very favorable terms, which would not have otherwise been available to the Company. In fact, during the Relevant Period and continuing throughout the Class Period, defendants were motivated to conceal the true operational and financial condition of CP Ships because:

* It enabled defendants to sell almost $100 million in stock and an additional $200 million in debt in June 2002 while in possession of material adverse information, and during the time that the Company’s financial statements were presented but not prepared in accordance with generally accepted accounting principles.
* It enabled defendants to sell almost $200 million of CP Ships Convertible Notes - convertible into shares of the Company stock valued at over $25.22 per share - on or about February 24, 2004, at a significant to the market at that time.

* It enabled defendants to negotiate a new $525 million credit facility on or about March 25, 2004, while in possession of material adverse information, upon terms much more favorable than defendants would have been able to negotiate after the market came to understand the true operational and financial condition of CP Ships.

**Defendants’ Materially False and Misleading Statements Made During the Class Period**


The press release stated:

> CP Ships Limited today announced unaudited fourth quarter 2002 operating income before exceptional items of U.S. 2001. Basic earnings per share before exceptional items was $0.23 compared with last year’s $0.30 and third quarter’s $0.27. Volume at 550,000 teu was a quarterly record, up 17% from fourth quarter 2001, reflecting both strong growth and the first full quarter of Italia Line. Average freight rates increased 1% from third quarter 2002 but were 4% lower than fourth quarter 2001. Cash from operations before exceptional payments was $29 million or $0.32 per share. Net income available to common shareholders was $23 million, compared to $25 million in fourth quarter 2001.

**Outlook**

After a weak start, CP Ships recorded a solid result for 2002 with stronger than expected volume, significant cost reduction and, in the second half, a slowing or reversal of freight rate declines in all of our markets except Latin America.

37. **FY 2002 Form 20-F/40-F.** On April 7, 2003, CP Ships filed with the SEC, the Company’s financial and operational results, for full year 2002, the period ended December 31, 2002, pursuant to Form 20-F/40-F. In addition to reporting full year operating income before exceptional items of $83 million and basic earnings per share before exceptional items and goodwill of $0.59, the Company’s Form 20-F/40-F stated in part, the following:

> After a weak start, **CP Ships recorded a solid result for 2002 with stronger than expected volume, significant cost reduction and, in the second half, a slowing or reversal of freight rate declines in all of our markets except Latin America.**
Providing there is sound U.S. and world economic growth, CP Ships believes the approximate global balance between supply of ship capacity and container demand broadly achieved during 2002 to be maintained in 2003....

However, fewer new cost saving opportunities in 2003, the negative impact of a weaker U.S. dollar and increases in some operating costs including fuel are expected to partly offset the benefits of higher average freight rates and the cost saving initiatives started in 2002. Overall, management expects 2003 operating income before exceptional items to be higher than 2002's $83 million, but below 2001's $139 million.

***

Consolidated Statements of Income Data
($ millions, except amounts per share, presented in $)

<table>
<thead>
<tr>
<th>Year ended 31st December</th>
<th>2002</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,687</td>
<td>2,646</td>
<td>2,645</td>
</tr>
<tr>
<td>Expenses</td>
<td>(2,604)</td>
<td>(2,507)</td>
<td>(2,481)</td>
</tr>
<tr>
<td>Operating income before exceptiona items</td>
<td>83</td>
<td>139</td>
<td>164</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>2</td>
<td>(43)</td>
<td>-</td>
</tr>
<tr>
<td>Operating Income</td>
<td>85</td>
<td>96</td>
<td>164</td>
</tr>
<tr>
<td>Interest (expense) income, net</td>
<td>(23)</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(10)</td>
<td>(12)</td>
<td>(12)</td>
</tr>
<tr>
<td>Minority interest</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Goodwill charges</td>
<td>-</td>
<td>(16)</td>
<td>(18)</td>
</tr>
<tr>
<td>Net income</td>
<td>52</td>
<td>69</td>
<td>135</td>
</tr>
<tr>
<td>Basis Earnings per Common Share</td>
<td>$0.61</td>
<td>$0.83</td>
<td>$1.68</td>
</tr>
</tbody>
</table>

38. In addition to the foregoing, defendants also represented that the Company had in place adequate systems of internal financial and operational controls so as to reasonably assure investors of the accuracy of the Company's reported financial and operational results, in part, as follows:
Disclosure controls and procedures are defined by the Securities and Exchange Commission as those controls and procedures that are designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms. Our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures within 90 days prior to filing of this Annual Report on Form 40-F and have determined that such disclosure controls and procedures are effective.

39. Certification of Defendant Miles. In addition to the foregoing, the Form 20-F also contained a Certification by defendant Miles, which also purported to certify the veracity and correctness of the Company’s financial reports and operational disclosures, as follows:

CERTIFICATIONS

I, Ray Miles, certify that:

1. I have reviewed this annual report Form 40-F of CP Ships Limited;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a- 14 and 15d- 14) for the Registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
(c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (and persons performing the equivalent function);

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: 4th April 2004
/s/ Ray Miles

Ray Miles
Chief Executive Officer

40. **Certification of Defendant Webber.** The Company’s 2002 Form 20-F also contained a Certification by defendant Webber, which also purported to certify the veracity and correctness of the Company’s financial reports and operational disclosures, as follows:

I, **Ian Webber**, certify that:

1. I have reviewed this annual report Form 40-F of CP Ships Limited;

2. **Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which**
such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and have:

   (a) designed such disclosure controls and procedures to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (and persons performing the equivalent function);

   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any
corrective actions with regard to significant deficiencies and material weaknesses.

Date: 4th April 2004  
/s/ Ian Webber  
----------------------------------  
Ian Webber  
Chief Financial Officer

41. **Auditors Consent.** Attached as an exhibit to the Company’s Form 20-F/40-F was also a consent by the Company’s independent auditors, PricewaterhouseCoopers, which stated the following:  

**CONSENT OF INDEPENDENT ACCOUNTS**

We hereby consent to the use in this Annual Report on Form 40-F of CP Ships Limited of our Auditor’s Report dated 6th March 2003 and our Notice to US readers dated 6th March 2003 relating to the consolidated financial statements, which appear in the Annual Report to Shareholders.  

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Chartered Accountants  
Toronto, Ontario, Canada  
6th March 2003

42. The statements contained in CP Ships’ year-end report on Form 40-F, reproduced above, were each materially false and misleading when made, and were known by defendants to be false or were recklessly disregarded as such thereby, for the following reasons, among others:

(a) At all times during the Class Period, the Company’s financial statements were not accurate or reliable and were not prepared in accordance with generally accepted accounting principles;

(b) Throughout the Class Period, defendants materially overstated the Company’s earnings, net income and revenues and had failed to accrue all necessary charges and
to record all asset impairment charges on a timely basis in accordance with generally accepted accounting principles;

(c) Throughout the Class Period, defendants did not maintain an adequate system of internal financial and operational controls so as to reasonably assure the accuracy and veracity of the Company’s financial statements and reports to the SEC;

(d) As a result of the aforementioned adverse conditions which defendants failed to disclose, throughout the Class Period, defendants lacked any reasonable basis to claim that CP Ships was operating according to plan or that the Company could maintain profitability or even remain a viable entity in the foreseeable near-term; and

(e) As a result of the aforementioned adverse conditions which defendants failed to disclose, throughout the Class Period, defendants lacked any reasonable basis to claim that CP Ships was operating according to plan, that sufficient sources of funding were achieved and/or available to CP Ships or that the Company could maintain profitability or even remain a viable entity in the foreseeable near-term.

43. 1Q:03 Results “Improved Outlook”. Later, on April 23, 2003, defendants also issued a release which purported to announce an “Improved Outlook” for SP Ships, and which reported results for 1Q:03 the period ended March 31, 2003. While defendants stated that a small loss in 1Q:03 was the result of several one time events, defendants forecast a favorable operating environment and led investors to expect stronger results in the near-term, as follows:

CP Ships Announces First Quarter Loss But Improved Outlook.

LONDON, UK, April 23 /CNW/ - CP Ships Limited today announced an unaudited first quarter 2003 operating loss of US $2 million before exceptional items, a $4 million improvement on the $6 million operating loss in first quarter 2002 and compared with $34 million operating income before exceptional items in fourth quarter 2002.

*   *   *
Despite robust volume and a strong recovery in operating result in March, overall performance for the quarter was weaker than expected due to three factors. *Firstly, significantly higher fuel costs of about $9 million after fuel surcharge recovery compared with first quarter last year. Secondly, an adverse impact of the weaker US dollar of about $12 million.*

Finally, exceptionally severe weather in the TransAtlantic, record winter low water levels in the Saint Lawrence River restricting loading capacity, one-time operational expenses relating to ship replacement and ship network changes, and disruption of trade in Venezuela all adversely impacted the result, in total by about $7 million.

44. In addition to the foregoing, defendants also used this release to condition investors to believe that the Company's outlook was improving and that SP Ships had based its projections and had presented its financial reports in accordance with generally accepted accounting principles, as follows:

**Outlook**

Despite a difficult start including higher than anticipated operating costs, we *expect volume to remain firm with freight rate improvement in the TransAtlantic, continuing operating efficiencies in the Australasian market and reduced losses in Asia driving stronger operating results for the rest of the year.*

* * *

**Overall, we expect operating income for the second quarter to be substantially higher than the first quarter** and for the year overall before exceptional items to be greater than 2002's $83 million and closer to 2001's $139 million than we had previously expected.

* * *

1. **BASIS OF PRESENTATION**

*These consolidated financial statements have been prepared using accounting policies that are consistent with the policies used in preparing the 2002 annual consolidated financial statements.* The interim financial statements do not include all of the financial statement disclosures included in the annual financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and therefore should be read in conjunction with the most recent annual financial statements.

* * *
3. LOSS PER SHARE

Net loss per share has been computed by dividing net loss by the weighted average number of common shares outstanding.....

45. The statements contained in the Company's April 23, 2003 release which were also filed with the SEC the following day pursuant to Form 6-K were materially false and misleading and were known by defendants to be false at that time, or were recklessly disregarded as such thereby, because such financial statements were not prepared in accordance with generally accepted accounting principles and they were not accurate or reliable for the reasons stated herein.

46. 2Q:03 Results – 200% Increase in Profits. On July 31, 2002, defendants issued a release which purported to announce a 200% increase in the Company’s profits for 2Q:03, the period ended June 30, 2003, as follows:

   **CP Ships doubles operating profit to $40 million in second quarter 2003.**

   LONDON, UK, July 31 /CNW/ - CP Ships Limited today announced an unaudited operating income for second quarter 2003 of US $40 million, nearly double the $21 million operating profit in second quarter 2002 and a $42 million improvement from the $2 million operating loss before exceptional items of $10 million in first quarter 2003. Basic earnings per share was $0.32 compared with $0.20 in second quarter 2002 and basic loss per share before exceptional items of $0.12 in first quarter 2003. Net income was $29 million compared to $16 million in the same period 2002 and a net loss of $11 million before exceptional items in the first quarter 2003.

47. In addition to the foregoing, defendants again used this release to condition investors to believe that the Company’s outlook was improving and that SP Ships had based its projections and had presented its financial reports in accordance with generally accepted accounting principles, as follows:
Outlook

*We are confident that continuing strong volume and the recent improvement in freight rates will drive profits for the second half of 2003* and offset the impact on our costs of a weaker US dollar, higher fuel price and more expensive charter renewals.

* * *

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

These consolidated financial statements have been prepared using accounting policies that are consistent with the policies used in preparing the 2002 annual consolidated financial statements. The interim financial statements do not include all of the financial statement disclosures included in the annual financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and therefore should be read in conjunction with the most recent annual financial statements.

* * *

3. Earnings per Share

Basic earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding.

48. The statements contained in the Company's July 31, 2003 release, which were also filed with the SEC within days of public presentation, pursuant to Form 6-K were materially false and misleading and were known by defendants to be false at that time, or were recklessly disregarded as such thereby, because such financial statements were not prepared in accordance with generally accepted accounting principles and they were not accurate or reliable for the reasons stated herein.

49. 3Q:03 Results. On October 29, 2003, defendants also issued a release which purported to announce results for 3Q:03, the period ended September 30, 2003, as follows:

**CP Ships operating profit up 29% to $44 million in third quarter 2003**

LONDON, UK, Oct. 29 /CNW/ - CP Ships Limited today announced an unaudited operating income for third quarter 2003 of US $44 million, up from $34
million operating profit in third quarter 2002 and a $4 million improvement from $40 million in second quarter 2003. Basic earnings per share was $0.37 compared with $0.27 in third quarter 2002 and $0.32 in second quarter 2003. Net income at $33 million was up compared to $24 million in third quarter 2002 and up from $29 million in second quarter 2003.

"This quarter's operating profit is CP Ships' strongest since we went public in October 2001. Despite an increase in operating costs, it reflects our successful strategy as well as the continuing general improvement in industry conditions," said CP Ships CEO Ray Miles.

50. In addition to the foregoing, defendants again used this release to condition investors to believe that the Company's outlook was improving and that SP Ships had based its projections and had presented its financial reports in accordance with generally accepted accounting principles, as follows:

Outlook

Fourth quarter operating income is expected to be broadly in line with the third quarter, with TransAtlantic improvement offset by the impact of continuing cost pressures. For the year as a whole, operating income before exceptional items should be about 50% above 2002, but still short of the record in 2001. In 2004, we expect a generally positive trading environment and should make further progress.

* * *

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

These consolidated financial statements have been prepared using accounting policies that are consistent with the policies used in preparing the 2002 annual consolidated financial statements. The interim financial statements do not include all of the financial statement disclosures included in the annual financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and therefore should be read in conjunction with the most recent annual financial statements.

* * *

3. Earnings per Share

Basic earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding.....
51. The statements contained in the Company's October 29, 2003 release, which were also filed with the SEC the following day pursuant to Form 6-K, were materially false and misleading and were known by defendants to be false at that time or were recklessly disregarded as such thereby, because such financial statements were not prepared in accordance with generally accepted accounting principles and they were not accurate or reliable as detailed above.

52. **4Q & FY:04 Results.** On February 5, 2004, defendants issued a release which purported to announce results for 4Q and Full Year 2003, the period ended December 31, 2003, as follows:

**CP Ships announces record $49 million profit for fourth quarter 2003**

LONDON, UK, Feb. 5 /CNW/ - **CP Ships** Limited today announced unaudited fourth quarter 2003 operating income of US $49 million, up from $34 million before exceptional items in fourth quarter 2002 and up from $44 million in third quarter 2003. Basic earnings per share was $0.46 compared with 2002's $0.23 before exceptional items and third quarter's $0.37. Net income available to common shareholders was $41 million, compared to $23 million in fourth quarter 2002.

For 2003 overall, operating income before exceptional items was $131 million compared with $83 million in 2002. Basic earnings per share before exceptional items was $1.02 compared with $0.59. Return on average capital employed at 7.3% was up from 5.7% in 2002. Net income available to common shareholders was $82 million compared to $52 million in 2002.

"With record operating income in the fourth quarter and up nearly 60% for the full year, and record volume and sales revenue for both the quarter and the year, we consider these to be outstanding results," commented Ray Miles, CEO of CP Ships.

53. In addition to the foregoing, defendants again used this release to condition investors to believe that the Company's outlook was improving and that SP Ships had based its projections and had presented its financial reports in accordance with generally accepted accounting principles, as follows:
Outlook

After the substantial improvement in profits during 2003 despite significant pressure on costs and competition in most of our trade lanes, we face similar challenges in 2004. Assuming continued solid growth in the world economy, the balance of supply and demand in the global container shipping industry should remain favourable. Continued strong volume and further freight rate improvements will, we consider, continue to outweigh the negative effect on our costs of a weaker US$ and charter renewals, and we therefore expect that earnings in 2004 will be higher than in 2003.

* * *

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

These consolidated financial statements have been prepared using accounting policies that are consistent with the policies used in preparing the 2002 annual consolidated financial statements. The interim financial statements do not include all of the financial statement disclosures included in the annual financial statements prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and therefore should be read in conjunction with the most recent annual financial statements. The results of operations for the interim period are not necessarily indicative of the operating results for the full year due to business seasonality. Although peak shipping periods differ in some of the market segments, historically, consolidated revenue and operating income have generally been lower during the first quarter.

* * *

3. Earnings per Share

Basic earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding. . . .

54. Auditors Consent. Attached as an exhibit to the Company’s Form 20-F/40-F was also a consent by the Company’s independent auditors, PricewaterhouseCoopers, which stated the following:

CONSENT OF INDEPENDENT ACCOUNTS

We hereby consent to the use in this Annual Report on Form 40-F of CP Ships Limited of our Auditor's Report dated 12th March 2004 and our Notice to US readers dated 12th March 2004 relating to the consolidated financial statements, which appear in the Annual Report to Shareholders.
55. The statements contained in the Company’s February 5, 2004 release, which were also filed with the SEC the following day pursuant to Form 6-K, were materially false and misleading and were known by defendants to be false at that time or were recklessly disregarded as such thereby, because such financial statements were not prepared in accordance with generally accepted accounting principles and they were not accurate or reliable, for the reasons stated herein in.

56. **$200MM Convertible Note Offering.** Taking full advantage of the artificial inflation in the price of CP Ships stock, on or about February 18, 2004, defendants next approached the market of sell at least $200 million in convertible notes, including underwriter oversubscription agreement — which upon maturity were convertible into shares of the Company based on a conversion price of $25.22 per share. These notes were successfully marketed by defendants and **offered at a premium of 35% above the closing price of CP Ships' common shares on the New York Stock Exchange on 18th February 2004.** The notes were unregistered at that time and offered to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act").

57. **$525MM Credit Facility.** Defendants took further advantage of the market’s perception that CP Ships was operating according to plan and, on March 25, 2004, defendants next announced that the Company had secured a five-year $525 million revolving credit facility upon terms that were very favorable to the Company. The pricing of the facility was linked to
credit ratings and, based on CP Ships' then current corporate credit ratings of BBB-from Standard & Poor's and Ba2 from Moody's Investor Services, initial borrowings under this facility were set at LIBOR+1.10%, with a commitment fee of 0.44% payable on the undrawn portion.

58. **2003 Form 20-F/40-F.** On April 15, 2004, CP Ships also filed with the SEC, the Company's financial and operational results, for full year 2003, the period ended December 31, 2003, pursuant to Form 20-F/40-F, signed by all defendants. In addition to reporting operating income of $131 million and basic earnings per share of $1.02 per share, the Company's Form 20-F made the same or similar representations and contained the same or similar certifications as the Company's FY 2002 Form 20-F/40-F, filed with the SEC the prior year and reproduced in part herein.

59. The statements contained in the Company's 2003 Form 20-F/40-F filed with the SEC on or about April 15, 2004, were materially false and misleading and were known by defendants to be false at that time or were recklessly disregarded as such thereby, because such financial statements were not prepared in accordance with generally accepted accounting principles and they were not accurate or reliable, for the reasons stated herein.

60. **$200MM Note Registration.** Later, while still in possession of material adverse non-public information defendants filed with the SEC a registration statement in connection with its previously unregistered $200 million convertible note offering. By then registering these notes purchasers could liquidate them in the public market in both the US and Canada on or about June 25, 2004 - - only weeks before the true financial and operational condition of the Company would ultimately be revealed.

61. **1Q:04 “Results Improve”.** On May 3, 2004, in a further effort to condition investors to believe that CP Ships was operating according to expectations sponsored and/or
endorsed by defendants, defendants published a release which purported to advise investors and shareholders that "CP Ships Expects First Quarter 2004 Results to Improve," with purported overall volume up 9% compared to 1Q:03, as "all market segments grew." According to the Company's CEO, defendant Miles, quoted in this release, "The first quarter is traditionally a difficult one, but we expect to report quarterly results ahead of last year's and maintain our positive outlook for the year as a whole, despite continuing cost pressures."

62. 1Q:04 Results. About a week later, on May 11, 2004, defendants also issued a release which purported to announce results for 1Q:04 the period ended March 30, 2004, which stated, in part, the following:

CP Ships Limited today announced unaudited first quarter 2004 operating income of US $16 million, compared with a $3 million loss before exceptional items in first quarter 2003. Basic earnings per share was $0.09 compared with a basic loss per share of $0.13 before exceptional items in first quarter 2003. Net income available to common shareholders was $8 million, compared to a net loss of $22 million in first quarter 2003.

"With record volume and revenue for the seasonally weak first quarter broadly across all market segments, this is our best first quarter operating profit since becoming public in October 2001," commented Ray Miles, Chairman of CP Ships.

*   *   *

Outlook
------
Following an improved first quarter result, we maintain our view that net income in 2004 will be higher than in 2003.

63. In addition to the foregoing, defendants again used this release to condition investors to believe that the Company's outlook was improving and that CP Ships had based its projections and had presented its financial reports in accordance with generally accepted accounting principles, as follows:
1. **Basis of Presentation**

*These interim consolidated financial statements have been prepared using the accounting policies, other than those set out in Note 2 to these interim consolidated financial statements, that are consistent with the policies used in preparing the 2003 annual consolidated financial statements, including that certain of the comparative amounts have been reclassified to conform with the presentation adopted currently.*

* * *

**Earnings per Share**

Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding.

64. The statements contained in the Company’s May 11, 2004 release, which were also filed with the SEC the following day pursuant to Form 6-K, were materially false and misleading and were known by defendants to be false at that time or were recklessly disregarded as such thereby, because such financial statements were not prepared in accordance with generally accepted accounting principles and they were not accurate or reliable, for the reasons stated herein.

**THE TRUE FINANCIAL AND OPERATIONAL CONDITION OF CP SHIPS IS BELATEDLY DISCLOSED**

65. On August 9, 2004, defendants shocked the market and issued a release which revealed, for the first time during the Relevant Period, that CP Ships had illegally and improperly artificially inflated its revenues and earnings for at least *9 consecutive quarters*. On this day, defendants revealed that their financial statements for all of 2002 and 2003 and the first quarter of 2004 were not prepared in accordance with generally accepted accounting principles and, therefore, were wholly unreliable and did not reflect the true financial and operational condition of the Company at any time during either the Relevant Period or the Class Period.
66. In fact, the nine quarter restatement of the Company’s financial results had such a substantial impact on CP Ships reported results that, according to August 9, 2004 release, CP Ships would be forced to reduce its 2003 reported profits by as much as 36%. The Company, which had previously delayed the release of its second quarter results by a week, suddenly revealed that its new “SAP accounting system” had revealed insufficient accruals for certain costs, and it said certain December 31, 2003 balances need to be written off. Also according to this release, the restatement is expected to have the following additional adverse effects on the Company:

* The main effect of the restatement will be on 2003 results, where net income will be cut between $22 million and $27 million.

* Net profit for the year would be slashed to between $47 million and $52 million from the initially reported $74 million.

* 2002 net income, reported at $52 million, would be cut by about $7 million.

* First-quarter 2004 net income will be reduced by about $6 million from the $8 million.

* Pending completion of the review and publication of revised financial statements, the Company’s previously reported financial statements for the 2003 and 2002 years or first quarter 2004 were deemed unreliable.

67. These belated and shocking disclosures had a devastating impact on the price of CP Ship shares and, immediately following the publication of defendants’ corrective disclosure, on August 9, 2004, shares of the Company plummeted—falling over $3.70 per share, or 22.4%, to $12.85 per share on the New York Stock Exchange, and also falling approximately 21.5% on the Toronto Stock Exchange, where Company shares are also traded. More than 5 million shares changed hands by the close of trading, well above the 90-day average trading volume of around 320,000 shares. The Chart below also documents the dramatic decline in the price of CP Ships shares, following defendants’ August 9, 2004 release:
68. In addition to the foregoing, the chart below documents the significant artificial inflation in the price of CP Ships shares during the Class Period and demonstrates the hundreds of millions of dollars in damages suffered by the members of the Class as a result of defendants' illegal and improper conduct, as follows:

69. According to analysts and market commentators, shares of the Company would probably have fallen further had it not been for the significant rumors that began to circulate following the Company's corrective release, that CP Ships was now a candidate to be acquired by more skilled and honest management - - who would likely take advantage of the distressed condition of the Company and acquire it without paying a significant premium.
70. The market for CP Ships’ common stock was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, CP Ships common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired CP Ships common stock stocking upon the integrity of the market price of CP Ships common stock and market information relating to CP Ships, and have been damaged thereby.

71. During the Class Period, defendants materially misled the investing public, thereby inflating the price of CP Ships common stock by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants’ statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

72. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about CP Ships’ business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of CP Ships and its business, prospects and operations, thus causing the Company’s common stock to be overvalued and artificially inflated at all relevant times. Defendants’ materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company’s common stock at artificially inflated prices, thus causing the damages complained of herein.
VIOLATIONS OF GAAP AND SEC REPORTING RULES

73. During the Class period, defendants materially misled the investing public, thereby inflating the price of the Company's securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its financial performance, accounting, reporting, and financial condition in violation of the federal securities laws and generally accepted accounting principles.

74. Generally accepted accounting principles consists of those principles recognized by the accounting profession as the conventions, rules, and procedures necessary to define accepted accounting practice at the particular time. Regulation S-X, to which the Company is subject as a registrant under the Exchange Act, 17 C.F.R. 210.4-01(a)(1), provides that financial statements filed with the SEC which are not prepared in compliance with GAAP, are presumed to be misleading and inaccurate. SEC Rule 13a-13 requires issuers to file quarterly reports.

75. SEC Rule 12b-20 requires that periodic reports contain such further information as is necessary to make the required statements, in light of the circumstances under which they are made, not misleading.

76. In addition, pursuant to generally accepted accounting principles, for interim periods, the Management Division and Analysis Section ("MD&A") must include, among other things, a discussion of any material changes in the registrant's results of operations with respect to the most recent fiscal year-to-date period for which an income statement is provided. Instructions to Item 303 require that the this discussion identify any significant elements of registrant's income or loss from continuing operations that are not necessarily representative of
the registrant's ongoing business. Item 303(a)(2)(ii) to Regulation S-K requires the following discussion in the MD&A of a company's publicly filed reports with the SEC:

Describe any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in relationship shall be disclosed.

Paragraph 3 of the Instructions to Item 303 states in relevant part:

The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition. This would include descriptions and amounts of (A) matters that would have an impact on future operations and have not had an impact in the past...

77. The generally accepted accounting principles relating to the recognition adequate provisions for foreseeable costs and an associated allowances applies to interim financial statements as is required by Accounting Principles Board Opinion No. 28. Paragraph 17 of this authoritative pronouncement states that:

The amounts of certain costs and expenses are frequently subjected to year-end adjustments even though they can be reasonably approximated at interim dates. To the extent possible such adjustments should be estimated and the estimated costs and expenses assigned to interim periods so that the interim periods bear a reasonable portion of the anticipated annual amount.

78. For example, Statements of Financial Accounting Standards No. 5, Accounting for Contingencies ("FASB 5"), states that:

An estimated loss from a loss contingency... shall be accrued by a charge to income if both of the following conditions are met:

a. Information available prior to issuance of the financial statements indicates that an asset had been impaired or that a liability had been incurred at the date of the
financial statements. It is implicit in this condition that it must be probable that one or more
future events will occur confirming the fact of the loss; and

b. The amount of the loss can be reasonably estimated.

79. Here, "information available prior to issuance" of the Company's fiscal 2002 and
2003 and its first quarter of 2004 financial statements and quarterly filings made during the Class
Period indicated that "an asset had been impaired or that a liability had been incurred at the date
of the financial statements." Defendants knew of, or recklessly disregarded, this information.

80. Therefore, defendants were required to provide for the loss through a charge to
income during fiscal 2002 and 2003 and during the first quarter of 2004. These financial
statements and announcements were knowingly and recklessly false and misleading when made
for the reasons stated herein.

81. The Company's financial statements contained in the fiscal first, second and third
quarter quarterly reports filed with the SEC on Forms 10-Q for the quarterly periods throughout
the Class Period were presented in a manner that violated the principle of fair financial reporting
and the following generally accepted accounting principles, among others:

a. The principle that financial reporting should provide information that is
useful to present and potential investors and creditors and other users in making rational
investment, credit and similar decisions.

b. The principle that financial reporting should provide information about an
enterprise's financial performance during a period.

c. The principle that financial reporting should be reliable in that it
represents what it purports to represent.
d. The principle of completeness, which means that nothing material is left out of the information that may be necessary to ensure that it validly represents underlying events and conditions.

e. The principle that conservatism be used as a prudent reaction to uncertainty to try to ensure that uncertainties and risks inherent in business situations are adequately considered.

f. The principle that disclosure of accounting policies should identify and describe the accounting principles followed by the reporting entity and the methods of applying those principles that materially affect the financial statements.

g. The principle that losses be accrued for when a loss contingency exists.

h. The principle that if no accrual is made for a loss contingency, then disclosure of the contingency shall be made when there is at least a reasonable possibility that a loss or an additional loss may have been incurred.

i. The principle that contingencies and other uncertainties that affect the fairness of presentation of financial data at an interim date shall be disclosed in interim reports in the same manner required for annual reports.

j. The principle that disclosures of contingencies shall be repeated in interim and annual reports until the contingencies have been removed, resolved, or have become immaterial.

(k) The principle that management should provide commentary relating to the effects of significant events upon the interim financial results.

82. In addition, during the Class Period, defendants violated SEC disclosure rules:
a. defendants failed to disclose the existence of known trends, events or uncertainties that they reasonably expected would have a material, unfavorable impact on net revenues or income or that were reasonably likely to result in the Company's liquidity decreasing in a material way and that failure to disclose the information rendered the statements that were made during the Class Period materially false and misleading; and

b. by failing to file financial statements with the SEC that conformed to the requirements of generally accepted accounting principles, such financial statements were presumptively misleading and inaccurate.

83. Defendants were required to disclose in the Company's financial statements the existence of the material facts described herein and to appropriately recognize and report assets, revenues, and expenses in conformity with generally accepted accounting principles. The Company failed to make such disclosures and to account for and to report its financial statements in conformity with generally accepted accounting principles. Defendants knew, or were reckless in not knowing, the facts which indicated that all of the Company's interim financial statements, press releases, public statements, and filings with the SEC, which were disseminated to the investing public during the Class Period, were materially false and misleading for the reasons set forth herein. Had the true financial position and results of operations of the Company been disclosed during the Class Period, the Company's common stock would have traded at prices well below that which it did.

**Applicability Of Presumption Of Reliance: Fraud-On-The-Market Doctrine**

84. At all relevant times, the market for CP Ships's common stock was an efficient market for the following reasons, among others:
(a) CP Ships’ stock met the requirements for listing, and was listed and actively traded on the New York Stock Exchange, a highly efficient and automated market;

(b) As a regulated issuer, CP Ships filed periodic public reports with the SEC and the New York Stock Exchange;

(c) CP Ships regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) CP Ships was followed by several securities analysts employed by major brokerage firm(s) who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firm(s). Each of these reports was publicly available and entered the public marketplace.

85. As a result of the foregoing, the market for CP Ships securities promptly digested current information regarding CP Ships from all publicly available sources and reflected such information in CP Ships stock price. Under these circumstances, all purchasers of CP Ships common stock during the Class Period suffered similar injury through their purchase of CP Ships common stock at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

86. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as “forward-looking statements” when made. To the extent there were any forward-looking statements, there were no
meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of CP Ships who knew that those statements were false when made.

BASIS OF ALLEGATIONS

87. Plaintiff has alleged the following based upon the investigation of plaintiff's counsel, which included a review of SEC filings by CP Ships, as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

FIRST CLAIM

Violation Of Section 10(b) Of The Exchange Act And Rule 10b-5 Promulgated Thereunder Against All Defendants

88. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

89. During the Class Period, defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did:
(i) Deceived the investing public, including plaintiff and other Class members, as alleged herein;

(ii) Enabled defendants to sell at least $200 million of CP Ships Convertible Notes - - convertible into shares of the Company stock valued at over $25.22 per share - - on or about February 24, 2004, which money defendants controlled following this offering;

(iii) Enabled defendants to negotiate a new $525 million credit facility on or about March 25, 2004, while in possession of material adverse information, upon terms much more favorable than defendants would have been able to negotiate after the market came to understand the true operational and financial condition of the Company; and

(iv) Caused plaintiff and other members of the Class to purchase CP Ships common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, jointly and individually (and each of them,) took the actions set forth herein.

90. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company’s common stock in an effort to maintain artificially high market prices for CP Ships’ common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.
91. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of CP Ships as specified herein.

92. These defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of CP Ships' value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about CP Ships and its business operations and future prospects in the light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of CP Ships common stock during the Class Period.

93. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these defendants, by virtue of his responsibilities and activities as a senior officer and/or director of the Company was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these defendants enjoyed significant personal contact and familiarity with the other defendants and was advised of and had access to other members of the Company's management team, internal reports and other data and information about the
Company’s finances, operations, and sales at all relevant times; and (iv) each of these defendants was aware of the Company’s dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

94. The defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts. Such defendants’ material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing CP Ships’ operating condition and future business prospects from the investing public and supporting the artificially inflated price of its common stock. As demonstrated by defendants’ overstatements and misstatements of the Company’s business, operations and earnings throughout the Class Period, defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to obtain such knowledge by deliberately or recklessly refraining from taking those steps necessary to discover whether those statements were false or misleading.

95. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of CP Ships common stock was artificially inflated during the Class Period. In ignorance of the fact that market prices of CP Ships’ publicly-traded common stock were artificially inflated, and relying directly or indirectly on the false and misleading statements made by defendants, or upon the integrity of the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by defendants but not disclosed in public statements by defendants during the Class Period, plaintiff and the other members of the Class acquired CP
Ships common stock during the Class Period at artificially high prices and were damaged thereby.

96. At the time of said misrepresentations and omissions, plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that CP Ships was experiencing, which were not disclosed by defendants, plaintiff and other members of the Class would not have purchased or otherwise acquired their CP Ships common stock, or, if they had acquired such common stock during the Class Period, they would not have done so at the artificially inflated prices which they paid.

97. By virtue of the foregoing, defendants have violated Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

98. As a direct and proximate result of defendants’ wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company’s common stock during the Class Period.

SECOND CLAIM

Violation Of Section 20(a) Of The Exchange Act Against Individual Defendants

99. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

100. The Individual Defendants acted as controlling persons of CP Ships within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company’s operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had
the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

101. In particular, each of these defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

102. As set forth above, CP Ships and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's common stock during the Class Period.

WHEREFORE, plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and plaintiff's counsel as Lead Counsel;
B. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants’ wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;

D. Awarding extraordinary, equitable and/or injunctive relief as permitted by law, equity and the federal statutory provisions sued hereunder, pursuant to Rules 64 and 65 and any appropriate state law remedies to assure that the Class has an effective remedy; and

E. Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: August 17, 2004

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Attorneys for Plaintiff
CERTIFICATION OF GEOFFREY GOTTFRIED  
IN SUPPORT OF CLASS ACTION COMPLAINT

Geoffrey Gottfried ("plaintiff") declares, as to the claims asserted under the federal securities laws, that:

1. Plaintiff has reviewed the complaint prepared by counsel and has authorized its filing.

2. Plaintiff did not purchase the security that is the subject of the complaint at the direction of plaintiffs' counsel or in order to participate in any private action arising under the federal securities laws.

3. Plaintiff is willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.

4. During the proposed Class Period, plaintiff executed the following transactions relating to CP Ships Limited:
   
   Purchase of 100 shares at $17 5/8 per share on 04/05/04

5. In the past three years, plaintiff has not sought to serve as a representative party on behalf of a class in an action filed under the federal securities laws.

6. Plaintiff will not accept any payment for serving as a representative party on behalf of a class beyond plaintiff's pro rata share of any recovery, except such reasonable costs
and expenses (including lost wages) directly relating to the representation of the Class as ordered or approved by the Court.

The foregoing are, to the best of my knowledge and belief, true and correct statements.

August 17, 2004

Geoffrey Gottfried