



CARNIVAL PLC

IFRS Financial Statements
Year Ended November 30, 2012

The Annual Report of Carnival plc comprises the Carnival plc consolidated and company IFRS Financial Statements contained herein, together with the Carnival Corporation & plc 2012 Annual Report (“DLC Annual Report”) and certain parts of the Proxy Statement (including its Annexes), dated February 21, 2013.

The Carnival plc consolidated IFRS Financial Statements, which are required to satisfy reporting requirements of the Companies Act 2006, incorporate the results of Carnival plc and its subsidiaries and, accordingly, do not include the IFRS consolidated results and financial position of Carnival Corporation and its subsidiaries. However, the Directors consider that, within the Carnival Corporation and Carnival plc dual listed company (“DLC”) arrangement, the most appropriate presentation of Carnival plc’s results and financial position is by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc (“DLC Financial Statements”). Accordingly, the DLC Financial Statements form part of the Carnival plc IFRS Financial Statements as additional disclosures.

In order to obtain a better understanding of the Carnival Corporation & plc business, financial condition and results of operations, the Carnival plc stakeholders should read the items referenced below, in addition to the Carnival plc IFRS Financial Statements contained herein.

The locations where the Carnival plc Annual Report Documents and Other Information can be found are as follows:

<u>CARNIVAL PLC ANNUAL REPORT DOCUMENTS</u>	<u>LOCATIONS</u>	<u>PAGE NO.</u>
2012 Carnival Corporation & plc U.S. GAAP Consolidated Financial Statements (“DLC Financial Statements”)	DLC Annual Report	5-38
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Carnival plc Directors’ Remuneration Report – Part I	Proxy Statement	43-61
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The Notice of Annual Meetings and Proxy Statement, dated February 21, 2013 (“Proxy Statement”), Carnival Corporation & plc joint Annual Report on Form 10-K (“Form 10-K”) and DLC Annual Report are not set forth within the Carnival plc IFRS Financial Statements, but are available for viewing at www.carnivalcorp.com or www.carnivalplc.com. The Carnival plc IFRS Financial Statements have been uploaded to the National Storage Mechanism and are available for inspection at www.morningstar.co.uk/uk/nsm and will be included in the Annual Meeting materials available to the Carnival plc shareholders.

CARNIVAL PLC
GROUP STATEMENTS OF INCOME
(in millions, except per share data)

	Years Ended November 30,	
	2012	2011
Revenues		
Cruise		
Passenger tickets	\$ 5,134	\$ 5,770
Onboard and other	1,185	1,228
Tour and other	206	162
	6,525	7,160
Operating Costs and Expenses		
Cruise		
Commissions, transportation and other	1,122	1,321
Onboard and other	223	228
Fuel	965	907
Payroll and related	683	678
Food	349	367
Other ship operating	1,082	1,138
Tour and other	154	110
	4,578	4,749
Selling and administrative	702	700
Depreciation and amortisation	610	634
Impairment losses	207	58
	6,097	6,141
Operating Income	428	1,019
Nonoperating (Expense) Income		
Interest income	5	5
Interest expense, net of capitalised interest	(137)	(177)
Other expense, net	(16)	(5)
	(148)	(177)
Income Before Income Taxes	280	842
Income Tax Expense, Net	(15)	(19)
Net Income	\$ 265	\$ 823
Earnings Per Share		
Basic	\$ 1.23	\$ 3.83
Diluted	\$ 1.23	\$ 3.82

The accompanying notes are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation. In accordance with Section 408 of the Companies Act 2006, the Company has not presented its own Statements of Income or Statements of Comprehensive Income.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1). For information, set out below is the U.S. GAAP and Non-GAAP consolidated earnings per share included within the DLC Financial Statements and MD&A sections of the DLC Annual Report, respectively, for the years ended November 30:

	2012	2011
DLC U.S. GAAP basic earnings per share	\$ 1.67	\$ 2.43
DLC U.S. GAAP diluted earnings per share	\$ 1.67	\$ 2.42
DLC Non-GAAP diluted earnings per share	\$ 1.88	\$ 2.42

CARNIVAL PLC
GROUP STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Years Ended November 30,	
	2012	2011
Net Income	<u>\$ 265</u>	<u>\$ 823</u>
Items Included in Other Comprehensive Income (Loss)		
Changes in foreign currency translation adjustment	(4)	(28)
Net gains on hedges of net investments in foreign operations	11	28
Actuarial losses on post-employment benefit obligations	<u>(5)</u>	<u>(6)</u>
Other Comprehensive Income (Loss)	<u>2</u>	<u>(6)</u>
Total Comprehensive Income	<u><u>\$ 267</u></u>	<u><u>\$ 817</u></u>

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Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
BALANCE SHEETS
(in millions)

	Group		Company	
	November 30,			
	2012	2011	2012	2011
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 295	\$ 328	\$ 186	\$ 182
Trade and other receivables, net	177	172	75	79
Insurance recoverables	472	4	-	-
Inventories, net	159	153	49	51
Prepaid expenses and other	83	73	22	19
Total current assets	1,186	730	332	331
Property and Equipment, Net	13,898	13,906	4,388	4,416
Amount owed from subsidiaries	-	-	1,457	-
Intangibles	706	890	176	170
Other Assets	213	195	32	22
Investments in Subsidiaries	-	-	4,982	4,949
	\$ 16,003	\$ 15,721	\$ 11,367	\$ 9,888
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Short-term borrowings	\$ 56	\$ 173	\$ -	\$ 55
Current portion of long-term debt	1,145	539	1,094	426
Amount owed to the Carnival Corporation group	1,855	1,713	1,685	426
Amount owed to subsidiaries	-	-	423	690
Accounts payable	300	308	74	87
Dividends payable	162	54	162	54
Claims reserve	474	8	6	3
Accrued liabilities and other	279	317	95	124
Customer deposits	1,226	1,283	751	756
Total current liabilities	5,497	4,395	4,290	2,621
Long-Term Debt	1,770	2,610	1,214	1,797
Other Long-Term Liabilities	217	149	47	16
Shareholders' Equity				
Share capital	357	357	357	357
Share premium	134	132	130	128
Retained earnings	7,200	7,257	5,307	5,076
Other reserves	828	821	22	(107)
Total shareholders' equity	8,519	8,567	5,816	5,454
	\$ 16,003	\$ 15,721	\$ 11,367	\$ 9,888

The accompanying notes are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Approved by the Board of Directors on February 21, 2013 and signed on its behalf by

Micky Arison

Chairman of the Board of Directors and Chief Executive Officer

Howard S. Frank

Vice President of the Board of Directors and Chief Operating Officer

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
STATEMENTS OF CASH FLOWS
(in millions)

	Group		Company	
	Years Ended November 30,			
	2012	2011	2012	2011
OPERATING ACTIVITIES				
Income before income taxes	\$ 280	\$ 842	\$ 563	\$ 1,587
Adjustments to reconcile income before income taxes to net cash provided by operating activities				
Depreciation and amortisation	610	634	212	222
Impairment losses	207	58	-	-
Impairment of investment in wholly owned subsidiary	-	-	-	428
Gain on liquidation of subsidiary	-	-	(322)	-
Non-cash intercompany dividend	-	-	-	(1,376)
(Gains) losses on disposals of property and equipment, net	(27)	24	(5)	15
Share-based compensation	7	10	3	3
Other, net	15	15	5	12
	<u>1,092</u>	<u>1,583</u>	<u>456</u>	<u>891</u>
Changes in operating assets and liabilities				
Receivables	(22)	(67)	1	(6)
Inventories	(7)	(16)	5	(1)
Insurance recoverables, prepaid expenses and other	171	43	3	6
Accounts payable	-	(3)	(13)	9
Claims reserve, accrued and other liabilities	4	153	70	81
Customer deposits	(35)	147	5	36
	<u>1,203</u>	<u>1,840</u>	<u>527</u>	<u>1,016</u>
Cash provided by operations before interest and taxes	1,203	1,840	527	1,016
Interest received	5	5	2	2
Interest paid	(161)	(192)	(80)	(102)
Income taxes (paid) refunded, net	(13)	16	(2)	-
Net cash provided by operating activities	<u>1,034</u>	<u>1,669</u>	<u>447</u>	<u>916</u>
INVESTING ACTIVITIES				
Additions to property and equipment	(1,316)	(1,377)	(115)	(67)
Insurance proceeds for the ship	508	-	-	-
Other, net	74	20	2	28
Net cash used in investing activities	<u>(734)</u>	<u>(1,357)</u>	<u>(113)</u>	<u>(39)</u>
FINANCING ACTIVITIES				
Changes in loans with the Carnival Corporation group and Group companies	187	195	1	(293)
Repayments of short-term borrowings, net	(117)	(218)	(55)	(301)
Principal repayments of long-term debt	(530)	(451)	(427)	(251)
Proceeds from issuance of long-term debt	383	313	383	99
Dividends paid	(215)	(171)	(215)	(171)
Other, net	(15)	28	(14)	28
Net cash used in financing activities	<u>(307)</u>	<u>(304)</u>	<u>(327)</u>	<u>(889)</u>
Effect of exchange rate changes on cash and cash equivalents	(26)	(8)	(3)	13
Net (decrease) increase in cash and cash equivalents	<u>(33)</u>	<u>-</u>	<u>4</u>	<u>1</u>
Cash and cash equivalents at beginning of year	328	328	182	181
Cash and cash equivalents at end of year	<u>\$ 295</u>	<u>\$ 328</u>	<u>\$ 186</u>	<u>\$ 182</u>

The accompanying notes are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
GROUP STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in millions)

	Share capital	Share premium	Retained earnings	Other reserves			Total	Total shareholders' equity
				Translation reserve	Cash flow hedges	Merger reserve		
Balances at								
November 30, 2010	\$ 355	\$ 107	\$ 6,637	\$ (685)	\$ 3	\$ 1,503	\$ 821	\$ 7,920
Comprehensive income								
Net income	-	-	823	-	-	-	-	823
Changes in foreign currency translation adjustment	-	-	-	(28)	-	-	(28)	(28)
Net gains on hedges of net investments in foreign operations	-	-	-	28	-	-	28	28
Actuarial losses on post-employment benefit obligations	-	-	(6)	-	-	-	-	(6)
Total comprehensive income	-	-	817	-	-	-	-	817
Cash dividends declared	-	-	(207)	-	-	-	-	(207)
Other	2	25	10	-	-	-	-	37
Balances at								
November 30, 2011	357	132	7,257	(685)	3	1,503	821	8,567
Comprehensive income								
Net income	-	-	265	-	-	-	-	265
Changes in foreign currency translation adjustment	-	-	-	(4)	-	-	(4)	(4)
Net gains on hedges of net investments in foreign operations	-	-	-	11	-	-	11	11
Actuarial losses on post-employment benefit obligations	-	-	(5)	-	-	-	-	(5)
Total comprehensive income	-	-	260	7	-	-	7	267
Cash dividends declared	-	-	(324)	-	-	-	-	(324)
Other, net	-	2	7	-	-	-	-	9
Balances at								
November 30, 2012	<u>\$ 357</u>	<u>\$ 134</u>	<u>\$ 7,200</u>	<u>\$ (678)</u>	<u>\$ 3</u>	<u>\$ 1,503</u>	<u>\$ 828</u>	<u>\$ 8,519</u>

The accompanying notes are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in millions)

	Share capital	Share premium	Retained earnings	Other reserves			Total	Total shareholders' equity
				Translation reserve	Cash flow hedges	Merger reserve		
Balances at								
November 30, 2010	\$ 355	\$ 102	\$ 3,699	\$ (88)	\$ 3	\$ 36	\$ (49)	\$ 4,107
Comprehensive income								
Net income	-	-	1,586	-	-	-	-	1,586
Changes in foreign currency translation adjustment	-	-	-	(86)	-	-	(86)	(86)
Net gains on hedges of net investments in foreign operations	-	-	-	28	-	-	28	28
Actuarial losses on post-employment benefit obligations	-	-	(6)	-	-	-	-	(6)
Total comprehensive income	-	-	1,580	(58)	-	-	(58)	1,522
Cash dividends declared	-	-	(207)	-	-	-	-	(207)
Other	2	26	4	-	-	-	-	32
Balances at								
November 30, 2011	357	128	5,076	(146)	3	36	(107)	5,454
Comprehensive income								
Net income	-	-	562	-	-	-	-	562
Changes in foreign currency translation adjustment	-	-	-	118	-	-	118	118
Net gains on hedges of net investments in foreign operations	-	-	-	11	-	-	11	11
Actuarial losses on post-employment benefit obligations	-	-	(5)	-	-	-	-	(5)
Total comprehensive income	-	-	557	129	-	-	129	686
Cash dividends declared	-	-	(324)	-	-	-	-	(324)
Other, net	-	2	(2)	-	-	-	-	-
Balances at								
November 30, 2012	<u>\$ 357</u>	<u>\$ 130</u>	<u>\$ 5,307</u>	<u>\$ (17)</u>	<u>\$ 3</u>	<u>\$ 36</u>	<u>\$ 22</u>	<u>\$ 5,816</u>

The accompanying notes are an integral part of these financial statements. These financial statements only present the Carnival plc consolidated IFRS Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements (see Note 1).

CARNIVAL PLC
NOTES TO GROUP AND COMPANY IFRS FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Carnival plc (the “Company”), its subsidiaries and associates (referred to collectively in these financial statements as the “Group,” “our,” “us,” and “we”). Carnival plc was incorporated in England and Wales in 2000 and its headquarters is located at 5 Gainsford Street, London, SE1 2NE, UK (registration number 4039524).

As of February 21, 2013, our cruise brands’ summary information is as follows:

<u>Cruise Brands</u>	<u>Passenger Capacity (a)</u>	<u>Number of Cruise Ships</u>	<u>Primary Markets (b)</u>
Costa Cruises (“Costa”)	31,720	14	Italy, France and Germany
AIDA Cruises (“AIDA”)	16,442	9	Germany
P&O Cruises (UK)	14,636	7	United Kingdom (“UK”)
Cunard	6,672	3	UK and North America
P&O Cruises (Australia)	4,780	3	Australia
Ibero Cruises (“Ibero”)	4,176	3	Spain and South America
Princess Cruises (“Princess”) (c)	4,020	2	Australia
Carnival Cruise Lines (c)	<u>2,124</u>	<u>1</u>	Australia
	<u>84,570</u>	<u>42</u>	

- (a) In accordance with cruise business practice, passenger capacity is calculated based on the assumption of two passengers per cabin even though some cabins can accommodate three or more passengers.
- (b) Represents the primary regions or countries where guests are sourced.
- (c) Princess and Carnival Cruise Lines, two of Carnival Corporation’s North America cruise brands, time charter two and one of their ships, respectively, to us to operate year-round from Australia. In addition, Princess time charters another ship to us on a seasonal basis, which also operates from Australia.

Basis of Preparation

The Carnival plc Group and Company financial statements are presented in U.S. dollars unless otherwise noted, as this is the Group’s and Company’s presentation currency. They are prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative instruments) that are stated at fair value.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and International Financial Reporting Interpretations Committee interpretations. The financial statements have been prepared on a going concern basis.

The preparation of Group and Company financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported and disclosed amounts in the financial statements. The estimates and underlying assumptions are based on historical experience and various other factors that we believe to be reasonable under the circumstances, and form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates used in preparing the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

A review of the critical accounting estimates made by management is included within the MD&A section of the Carnival Corporation & plc 2012 Annual Report (“DLC Annual Report”) on pages 42 to 45.

Basis of Consolidation

The Carnival plc Group IFRS Financial Statements include the results of the Company and all its controlled subsidiaries, as typically evidenced by a voting control of greater than 50%, and incorporate the Group's interest in its associates under the equity method of accounting, as typically evidenced by a voting control of 20% to 50%. All significant intra-Group balances and transactions are eliminated in consolidation.

Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), known as Carnival Corporation & plc, whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate the largest cruise company in the world as if they are a single economic enterprise, but each has retained its separate legal identity. Each company's shares are publicly traded; on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc American Depository Shares are traded on the NYSE. The contracts governing the DLC arrangement provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards of directors and senior executive management of both companies are identical. Further details relating to the DLC arrangement are included in Note 3 of the DLC Financial Statements.

In order to provide the Carnival Corporation and Carnival plc shareholders with the most meaningful picture of their economic interest in the DLC arrangement, consolidated financial statements and management commentary of Carnival Corporation & plc are included in the DLC Annual Report. The DLC Financial Statements have been prepared under purchase accounting principles whereby the DLC transaction was accounted for as an acquisition of Carnival plc by Carnival Corporation.

The Group and Company IFRS Financial Statements are required to satisfy reporting requirements of the Companies Act 2006 and do not include the IFRS consolidated results and financial position of Carnival Corporation and its subsidiaries. Accordingly, 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. generally accepted accounting principles ("U.S. GAAP") DLC Financial Statements, on the basis that all significant financial and operating decisions affecting the DLC companies are made on the basis of U.S. GAAP information and consequences. Accordingly, the DLC Financial Statements on pages 5 to 38 in the DLC Annual Report, which form part of these financial statements, are incorporated into the Carnival plc IFRS Financial Statements as additional disclosures. In addition, the related management commentary included in the MD&A section and the Chairman's Letter to Shareholders on pages 40 to 59 and pages 2 and 3, respectively, in the DLC Annual Report are included as part of the 2012 Carnival plc Annual Report and contains a review of the business and sets out the principal activities, operations, performance, liquidity, financial condition and capital resources, debt covenants, key performance indicators and likely future developments of Carnival Corporation & plc. That discussion also identifies the principal risks and uncertainties that might affect Carnival Corporation & plc's future performance. Finally, our Directors' Report, Part II of our Directors' Remuneration Report and our Corporate Governance Report, included as Annexes A, B and C, respectively, to the Notice of Annual Meetings and Proxy Statement, dated February 21, 2013 ("Proxy Statement") and Part I of our Directors' Remuneration Report, contained within the Proxy Statement, are all included as part of the 2012 Carnival plc Annual Report.

Additional information related to our business operations and the global cruise business, including, but not limited to, a discussion of Carnival Corporation & plc's mission and related strategies, cruise programs, cruise brands, primary competitors, employees, products, properties, risk factors, seasonality, services, key suppliers and the cruise business regulations can be found in the Carnival Corporation & plc joint Annual Report on Form 10-K ("Form 10-K"). Finally, information related to environmental, social and governance issues can be found in our Carnival plc Directors' Report, Carnival plc Corporate Governance Report, Chairman's Letter to Shareholders and Form 10-K.

All of the documents mentioned above can be found at the Carnival Corporation & plc website at www.carnivalcorp.com or www.carnivalplc.com.

Cash and Cash Equivalents

Cash and cash equivalents include investments with maturities of three months or less at acquisition, which are stated at cost.

Inventories

Inventories consist principally of food and beverage provisions, hotel and restaurant products and supplies, fuel and gift shop and art merchandise held for resale, which are all carried at the lower of cost or net realisable value. Cost is determined using the weighted-average or first-in, first-out methods.

Property and Equipment

Property and equipment, including ships, are stated at cost less accumulated depreciation. Costs include the original purchase price of the asset and the costs attributable to bringing the asset to its current working condition for its intended use.

Depreciation and amortisation is calculated to write-off the costs to the estimated residual value using the straight-line method over our estimates of average useful lives and residual values, as a percentage of original cost, as follows:

	<u>Years</u>	<u>Residual Values</u>
Ships	30	15%
Ship improvements	Shorter of remaining ship life or useful life (3-28)	0% or 15%
Buildings and improvements	5-40	0-10%
Computer hardware and software	3-10	0-10%
Transportation equipment and other	2-20	0-10%
Leasehold improvements, including port facilities	Shorter of lease term or related asset life (3-30)	-

The cruise business is very capital intensive. Each year, a capital program is developed for the improvement of our ships, as well as asset replacements to enhance efficiency of operations, gain strategic benefits or provide newer improved product offerings to our guests. Ship improvement costs that we believe add value to our ships, such as those incurred for refurbishments, safety and operational efficiencies, are capitalised to the ships and depreciated over their or the ships' estimated remaining useful life, whichever is shorter, while costs of repairs and maintenance, including minor improvement costs, are charged to expense as incurred. We capitalise interest as part of acquiring ships and other capital projects during their construction period. The specifically identified or estimated cost and accumulated depreciation of previously capitalised ship components are written-off upon retirement, which may result in a loss on disposal that is included in other ship operating expenses.

Dry-dock costs primarily represent planned major maintenance activities that are incurred when a ship is taken out-of-service for scheduled maintenance. These costs are expensed as incurred and included in other ship operating expenses.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable. Upon the occurrence of a triggering event, the assessment of possible impairment is based on our ability to recover the carrying value of our asset based on our estimate of its recoverable amount, which is the higher of the fair value less cost to sell and its value in use. As it relates to our ships, the lowest level for which we maintain identifiable cash flows that are independent of the cash flows of other assets and liabilities is at the individual ship level.

Intangibles

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in a business acquisition. Goodwill is allocated to our business units, also referred to as cruise brands, on the basis of

expected benefit resulting from the acquisition and is stated at cost less accumulated goodwill impairment losses. We review our goodwill for impairment at least annually and, when events or circumstances dictate, more frequently. The recoverability of goodwill is determined by comparing the carrying amount of the net assets allocated to each cash-generating unit (“CGU” or “cruise brand”) with its recoverable amount. The estimated recoverable amount is the higher of the cruise brand fair value less cost to sell and its value in use, and if the recoverable amount is greater than the cruise brand net asset carrying value, then the goodwill amount is deemed recoverable. A significant amount of judgment is required in estimating the recoverable amounts of our cruise brands’ goodwill.

Trademarks are estimated to have an indefinite useful life and, therefore, are not amortisable, but are reviewed for impairment at least annually and, when events or circumstances dictate, more frequently. Our trademarks would be considered impaired if their carrying value exceeds their estimated recoverable amount. The costs of developing and maintaining our trademarks are expensed as incurred.

Revenue and Expense Recognition

Revenue comprises sales to third parties and excludes VAT and other similar sales taxes. Guest cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities generally when received (see MD&A section on page 54 within the DLC Annual Report for additional discussion of customer deposits). Customer deposits are subsequently recognised as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognised as cruise costs and expenses, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognising these shorter duration cruise revenues and costs and expenses on a completed voyage basis versus on a pro rata basis is not material. Future travel discount vouchers issued to guests are recorded as a reduction of cruise passenger ticket revenues when such vouchers are utilised. Cancellation fees are recognised in cruise passenger ticket revenue at the time of the cancellation.

Our sale to guests of air and other transportation to and from airports near the home ports of our ships and the related cost of purchasing these services are recorded in cruise passenger ticket revenues and cruise transportation costs, respectively. The proceeds that we collect from the sale of third party shore excursions and on behalf of onboard concessionaires, net of the amounts remitted to them, are recorded as concession revenues in onboard and other cruise revenues. All these amounts are recognised on a completed voyage or pro rata basis as discussed above.

Cruise passenger ticket revenues include fees and taxes levied by governmental authorities and collected by us from our guests. A portion of these fees and taxes varies with guest headcounts. This portion of the fees and taxes is expensed in commissions, transportation and other costs when the corresponding revenues are recognised. The remaining portion of governmental fees and taxes are also included in passenger ticket revenues but are expensed in other ship operating expenses when the corresponding revenues are recognized.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognised at the time the services are performed or expenses are incurred. Revenue from the leasing of one of our ships to an unaffiliated entity is recognised ratably over the term of the charter agreement using the straight-line method.

Insurance

We maintain insurance, including under Carnival Corporation & plc’s group risk sharing programs, to cover a number of risks including, among others, illness and injury to crew, guest injuries, pollution, damages to hull and machinery for each of our ships, war risks, workers’ compensation, employee health, directors and officers liability, property damages and general liabilities for third party claims. All of our insurance policies are subject to coverage limits, exclusions and deductible levels. The liabilities associated with crew illnesses and crew and guest injury claims, including all legal costs, are estimated based on the specific merits of the individual claims or actuarially estimated based on historical claims experience, loss development factors and other assumptions. While we believe our estimated accrued claims reserves are adequate, the ultimate losses may differ. Insurance recoverables are recognized when it is virtually certain that they will be collected.

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, such as marketing and promotional expenses. Advertising is charged to expense as incurred. Administrative expenses represent the costs of shoreside ship support, reservations and other administrative functions, and include, among others, salaries and related benefits, professional fees and occupancy costs, which are typically expensed as incurred.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of ordinary shares outstanding during each period. Diluted earnings per share is computed by dividing net income by the weighted-average number of ordinary shares and common stock equivalents outstanding during each period.

Pensions

The Group operates both defined benefit and defined contribution plans. The net deficit or surplus for each defined benefit pension plan is calculated in accordance with IAS 19, based on the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. The discount rate is the yield at the balance sheet date on AA credit rated bonds or local equivalents that have maturity dates approximating the terms of the pension plans' obligations.

Actuarial gains and losses that arise in calculating the pension plans' obligations are recognised in the period in which they arise directly in the Group Statements of Comprehensive Income.

The operating and financing costs of defined benefit pension plans are recognised in the Group Statements of Income; current service costs are spread systematically over the expected average remaining service lives of employees and financing costs are recognised in the periods within which they arise. To the extent that the benefits vest immediately, the expense is recognised immediately in the Group Statements of Income.

Defined contribution plan expenses are recognised in the period to which they relate. We contribute to these plans based on employee contributions, salary levels and length of service.

Share-Based Compensation

We recognize compensation expense for all share-based compensation awards using the fair value method. Share-based compensation cost is recognized ratably using the straight-line attribution method over the expected vesting period or to the retirement eligibility date, if less than the vesting period, when vesting is not contingent upon any future performance. For performance-based share awards, we recognize compensation cost over the vesting period based on the probability of the performance condition being achieved over the vesting period. If the performance condition is not met, compensation expense will not be recognized and any previously recognized compensation expense will be reversed. In addition, we estimate the amount of expected forfeitures, based on historical forfeiture experience, when calculating compensation cost. If the actual forfeitures that occur are significantly different from the estimate, then we revise our estimates.

Income Taxes

Deferred income taxes are provided using the liability method. Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. Deferred income taxes are measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Current income taxes are the taxes payable on the taxable income for the year, applying current rates and any adjustments in respect of previous years.

Foreign Currency Translations and Transactions

Each business determines its functional currency by reference to its primary economic environment. We translate the assets and liabilities of our foreign operations that have functional currencies other than the U.S. dollar at exchange rates in effect at the balance sheet date. Revenues and expenses of these foreign operations are translated at weighted-average exchange rates for the period. Their equity is translated at historical rates and the resulting foreign currency translation adjustments are included in the translation reserve, which is a component of other reserves within shareholders' equity. Therefore, the U.S. dollar value of these non-equity translated items in our Group and Company financial statements will fluctuate from period to period, depending on the changing value of the U.S. dollar versus these currencies.

Our underlying businesses execute transactions in a number of different currencies, principally the euro, sterling, and Australian, Canadian and U.S. dollars. Exchange gains and losses arising from the remeasurement of monetary assets and liabilities and foreign currency transactions denominated in a currency other than the functional currency of the entity involved are immediately included in nonoperating earnings, unless such monetary liabilities have been designated to act as hedges of net investments in our foreign operations. These net gains or losses included in nonoperating earnings were insignificant in 2012 and 2011. In addition, the unrealised gains or losses on long-term intercompany receivables and payables denominated in a non-functional currency, which are not expected to be repaid in the foreseeable future and are therefore considered to form part of our net investments, are recorded as foreign currency translation adjustments, which are included in the translation reserve.

Dividends

Dividend distributions are recognised in the period in which the dividends are declared, since under the DLC arrangement the declaration of a dividend by the Boards of Directors of Carnival Corporation and Carnival plc establishes a liability for Carnival plc.

Derivatives and Other Financial Instruments

We utilise derivative and nonderivative financial instruments, such as foreign currency forwards, options and swaps, foreign currency debt obligations and foreign currency cash balances, to manage our exposure to fluctuations in certain foreign currency exchange rates, and interest rate swaps to manage our interest rate exposure in order to achieve a desired proportion of fixed and floating rate debt. Our policy is not to use any financial instruments for trading or other speculative purposes.

All derivatives are recorded at fair value. The changes in fair value are immediately included in earnings if the derivatives do not qualify as effective hedges. Subject to specific criteria, derivatives, financial assets and financial liabilities may be designated as forming hedge relationships, as a result of which changes in their fair value are offset in the Group Statements of Income or recognised directly in the Group Statements of Comprehensive Income, depending on the nature of the hedge relationship. Hedging derivatives fall into three classifications: fair value hedges, cash flow hedges and hedges of a net investment. Changes in the fair value of fair value hedge derivatives are offset against the changes in the fair value of the underlying hedged items in the Group Statements of Income. The effective portion of the changes in fair value of cash flow hedge derivatives are recognised in the Group Statements of Comprehensive Income until the underlying hedged item is recognised in earnings or the forecasted transaction is no longer probable. Changes in the fair value of hedges of a net investment are recognised in the Group Statements of Comprehensive Income to offset a portion of the change in the translated value of the net investment being hedged. In the event that a previously hedged investment is disposed of, the accumulated amount previously recognised from hedging is required to be removed from the hedging reserve within shareholders' equity and reflected in net income. We formally document hedging relationships for all derivative and nonderivative hedges and the underlying hedged items, as well as our risk management objectives and strategies for undertaking the hedge transactions.

We classify the fair values of all derivative contracts as either current or long-term, depending on whether the maturity date of the derivative contract is within or beyond one year from the balance sheet date. The cash flows from derivatives treated as hedges are classified in the Statements of Cash Flows in the same category as the item being hedged.

Interest-bearing debt and bank overdrafts are recorded at their initial fair value, which normally reflects the proceeds received by us, net of debt issuance costs, and subsequently stated at amortised cost, including accrued interest. Any difference between the proceeds after debt issuance costs and the premium and redemption values are amortised to interest expense over the term of the debt, typically on a straight-line basis which approximates the effective interest method.

Changes in Accounting Policy and Disclosures

New and Amended Standards That Have Been Adopted By Us

- Amendments to IAS 1, “Presentation of Financial Statements,” effective for annual periods beginning on or after July 1, 2012 and
- Annual improvements to IFRS 2010 effective for annual periods beginning on or after January 1, 2011.

New Standards and Interpretations Not Yet Adopted

- Amendments to IAS 19, “Employee Benefits,” effective for annual periods beginning on or after January 1, 2013;
- IFRS 10, “Consolidated Financial Statements,” effective for annual periods beginning on or after January 1, 2013;
- IFRS 11, “Joint Arrangements,” effective for annual periods beginning on or after January 1, 2013;
- IFRS 12, “Disclosure of Interests in other Entities,” effective for annual periods beginning on or after January 1, 2013 and
- IFRS 13, “Fair Value Measurement,” effective for annual periods beginning on or after January 1, 2013.

Management does not believe the adoption of these new standards, amendments and interpretations will have a material impact on the Group or Company results and financial position.

NOTE 2 - Segment Information

IFRS 8 “Operating Segments” requires that an entity’s operating segments are reported on the same basis as the internally reported information that is provided to the chief operating decision maker (“CODM”), who for us is the Chairman of the Boards of Directors and Chief Executive Officer of Carnival Corporation and Carnival plc.

As previously discussed, within the DLC arrangement the most appropriate presentation of Carnival plc’s results and financial position is by reference to the DLC Financial Statements. Accordingly, decisions to allocate resources and assess performance for Carnival plc are made by the CODM upon review of the U.S. GAAP segment results across all of Carnival Corporation & plc’s cruise brands and other segments. Carnival Corporation & plc has three reportable cruise segments that are comprised of its (1) North America cruise brands, (2) Europe, Australia & Asia (“EAA”) cruise brands and (3) Cruise Support. In addition, Carnival Corporation & plc has a Tour and Other segment.

The Carnival Corporation & plc North America cruise segment includes Carnival Cruise Lines, Holland America Line, Princess and Seabourn. The Carnival Corporation & plc EAA cruise segment includes AIDA, Costa, Cunard, Ibero, P&O Cruises (Australia) and P&O Cruises (UK). These individual cruise brand operating segments have been aggregated into two reportable segments based on the similarity of their economic and other characteristics, including types of customers, regulatory environment, maintenance requirements, supporting systems and processes and products and services they provide. The Carnival Corporation & plc Cruise Support segment represents certain of its port and related facilities and other corporate-wide services that are provided for the benefit of its cruise brands. The Carnival Corporation & plc Tour and Other segment represents the hotel and transportation operations of Holland America Princess Alaska Tours and two of its ships that it charters to an unaffiliated entity. The significant accounting policies of these segments are the same as those described in Note 2 of the DLC Financial Statements.

Selected information for the Carnival Corporation & plc Cruise and Tour and Other segments and the reconciliation to the corresponding Carnival plc amounts as of and for the years ended November 30 was as follows (in millions):

	<u>Revenues</u>	<u>Operating expenses</u>	<u>Selling and administrative</u>	<u>Depreciation and amortisation</u>	<u>Operating income (loss)</u>	<u>Capital expenditures</u>	<u>Total assets</u>
2012							
North America Cruise							
Brands (a)	\$ 9,364	\$ 6,240	\$ 949	\$ 898	\$ 1,277	\$ 990	\$ 21,893
EAA Cruise Brands	5,827	4,010	650	561	433(b)	1,291	15,894
Cruise Support	86	22	114	28	(78)	33	888
Tour and Other (a)	211	154	7	40	10	18	486(c)
Intersegment elimination (a)							
	(106)	(106)	-	-	-	-	-
Carnival Corporation & plc – U.S. GAAP							
	15,382	10,320	1,720	1,527	1,642(b)	2,332	39,161
Carnival Corporation, U.S. GAAP vs. IFRS differences and eliminations (d)							
	(8,857)	(5,742)	(1,018)	(917)	(1,214)(e)	(1,016)	(23,158)
Carnival plc – IFRS	<u>\$ 6,525</u>	<u>\$ 4,578</u>	<u>\$ 702</u>	<u>\$ 610</u>	<u>\$ 428(b)(e)</u>	<u>\$ 1,316</u>	<u>\$ 16,003</u>
2011							
North America Cruise							
Brands (a)	\$ 8,921	\$ 5,848	\$ 938	\$ 869	\$ 1,266	\$ 1,232	\$ 21,642
EAA Cruise Brands	6,504	4,244	655	579	1,026	1,380	15,626
Cruise Support	90	3	103	31	(47)	68	795
Tour and Other (a)	392	318	21	43	10	16	574(c)
Intersegment elimination (a)							
	(114)	(114)	-	-	-	-	-
Carnival Corporation & plc – U.S. GAAP							
	15,793	10,299	1,717	1,522	2,255	2,696	38,637
Carnival Corporation, U.S. GAAP vs. IFRS differences and eliminations (d)							
	(8,633)	(5,550)	(1,017)	(888)	(1,236)(b)	(1,319)	(22,916)
Carnival plc – IFRS	<u>\$ 7,160</u>	<u>\$ 4,749</u>	<u>\$ 700</u>	<u>\$ 634</u>	<u>\$ 1,019(b)</u>	<u>\$ 1,377</u>	<u>\$ 15,721</u>

(a) In 2011, a portion of Tour and Other segment revenues included revenues for the cruise portion of a tour when a cruise was sold along with a land tour package by Holland America Princess Alaska Tours. These intersegment cruise revenues, which were included in our North America cruise brands' segment, were eliminated directly against the Tour and Other segment revenues and operating expenses in the line "Intersegment elimination."

In 2012, the Tour and Other segment no longer includes revenues for the cruise portion of a tour. However, a portion of the North America cruise brands' segment revenues include revenues for the tour portion of a cruise when a land tour package is sold along with a cruise by Holland America Line and Princess. These intersegment tour revenues, which are included in our Tour and Other segment, are eliminated directly against the North America cruise brands' segment revenues and operating expenses in the line "Intersegment elimination."

This change in 2012 from 2011 did not have a significant impact on either of these segments' 2012 and 2011 operating income.

(b) Includes \$173 million and \$58 million of impairment losses related to Ibero in 2012 and 2011, respectively.

(c) Tour and Other segment assets primarily include hotels and lodges in the state of Alaska and the Canadian Yukon, motorcoaches used for sightseeing and charters, domed rail cars, which run on the Alaska Railroad, and Carnival Corporation & plc owned ships under long-term charter to an unaffiliated entity.

- (d) Carnival Corporation consists primarily of cruise brands that do not form part of the Group; however, these brands are included in Carnival Corporation & plc and thus represent substantially all of the reconciling items. These Carnival Corporation cruise brands are Carnival Cruise Lines, Princess, Holland America Line and Seabourn. The U.S. GAAP vs. IFRS accounting differences principally relate to differences in the carrying value of ships and related depreciation expenses.
- (e) Includes \$34 million of impairment losses related to *Costa Allegra*.

IFRS 8 also requires disclosure of certain geographical information that is in addition to the requirement to disclose information reviewed by the CODM. The Group's geographical information presented below reflects the principal regions from where our guests are sourced and not the cruise brands on which they sailed. See Note 1 for the primary regions or countries where our guests are sourced.

The Group's revenues by geographic area were as follows (in millions):

	Years Ended November 30,	
	2012	2011
North America	\$ 830	\$ 985
Europe	4,591	5,075
Australia and Asia	707	793
Others	397	307
	<u>\$ 6,525</u>	<u>\$ 7,160</u>

Substantially all of our cruise assets are ships and our cruise capital expenditures are incurred for ships and ships under construction. Our ships move between geographic regions and, therefore, it is not meaningful to allocate these ship assets and ship capital expenditures to particular regions. Our Tour operations' guests are primarily sourced from North America, which is where all our Tour operations' assets and capital spending are located.

NOTE 3 - Income, Expense and Auditors' Remuneration

Operating lease expenses were as follows (in millions):

	Years Ended November 30,	
	2012	2011
Ships	\$ 215	\$ 170
Property	21	21
Other	6	5
	<u>\$ 242</u>	<u>\$ 196</u>

Auditors' remuneration was as follows (in millions):

Fees payable to the Company's auditor for the audit of the Group and Company financial statements	\$ 1	\$ 1
Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries pursuant to legislation	1	1
	<u>\$ 2</u>	<u>\$ 2</u>

During 2012:

- We wrote-off the net carrying value of *Costa Concordia* ("the ship") in the amount of €381 million (or \$515 million) and received €395 million (or \$508 million) of hull and machinery insurance proceeds for the total loss of the ship. As a result, in 2012 the Group recognized €14 million (\$17 million) of proceeds in excess of the net carrying value of the ship as a reduction to other ship operating expenses. In addition, during 2012 we incurred \$19 million for ship incident-related expenses that are not covered

by insurance, which are principally included in other ship operating expenses. At November 30, 2012, the Group's short-term insurance recoverables of \$472 million and claims reserve primarily all relate to the ship incident.

- *Costa Allegra* suffered fire damage and, accordingly, the Group decided to withdraw this ship from operations resulting in a \$34 million impairment loss. In addition, during 2012 we incurred \$5 million for *Costa Allegra* incident-related expenses, which are substantially all included in other ship operating expenses. In October 2012, the Group sold *Costa Allegra*.
- We recognized a \$17 million gain from Cunard's litigation settlement related to *Queen Mary 2's* propulsion pods as a reduction of other ship operating expenses.
- We impaired the goodwill and trademarks of Ibero, which resulted in impairment losses of \$173 million (see Note 12 for additional discussion).

During 2011:

- The Group sold the 754-passenger capacity *Costa Marina* and recognised a loss on its disposal of \$13 million. In addition, in December 2011 the Company sold the 1,460-passenger capacity *Pacific Sun* and recognised a provision for loss on disposal in 2011 of \$15 million. Both of these amounts were included in other ship operating expenses. The Company operated *Pacific Sun* under a bareboat charter agreement until July 2012.
- The Group incurred a \$58 million ship impairment loss on Ibero's 1,492-passenger capacity *Grand Celebration*. The impairment arose as a result of a review of *Grand Celebration's* carrying value. It was not necessary to record a *Grand Celebration* impairment loss in the DLC Financial Statements since the carrying value of this ship was already lower.

Selling and administrative expenses include advertising and promotion expenses of \$263 million and \$261 million and payroll and related expenses of \$307 million and \$316 million in 2012 and 2011, respectively.

NOTE 4 - Income and Other Taxes

Income tax expense (benefit) was as follows (in millions):

	Years Ended November 30,	
	2012	2011
Current taxes		
Overseas	\$ 23	\$ 8
Total current taxes	<u>\$ 23</u>	<u>\$ 8</u>
Deferred taxes		
UK	\$ -	\$ 1
Overseas	(8)	10
Total deferred taxes	<u>\$ (8)</u>	<u>\$ 11</u>
Total UK taxes	\$ -	\$ 1
Total overseas taxes	<u>15</u>	<u>18</u>
Income tax expense, net	<u>\$ 15</u>	<u>\$ 19</u>

The total income tax expense (benefit) is reconciled to income taxes calculated at the UK standard tax rate as follows (in millions):

	Years Ended November 30,	
	2012	2011
Income before income taxes	\$ 280	\$ 842
Notional tax expense at UK standard tax rate (2012-24.7% and 2011-26.6%)	69	224
Effect of Italian and UK tonnage tax and other overseas taxes at different rates ...	<u>(54)</u>	<u>(205)</u>
	<u>\$ 15</u>	<u>\$ 19</u>

We do not expect to incur income taxes on future distributions of undistributed earnings of foreign subsidiaries and, accordingly, no deferred income taxes have been provided for the distribution of these earnings. All interest expense related to income tax liabilities is included in income tax expense. In addition to or in place of income taxes, virtually all jurisdictions where our ships call impose taxes and/or fees based on guest counts, ship tonnage, passenger capacity or some other measure, and these taxes and fees are included in commissions, transportation and other costs and other ship operating expenses.

UK and Australian Income Tax

Cunard, P&O Cruises (UK) and P&O Cruises (Australia) are divisions of Carnival plc and have elected to enter the UK tonnage tax regime through 2021. Companies to which the tonnage tax regime applies pay corporation taxes on profits calculated by reference to the net tonnage of qualifying ships. UK corporation tax is not chargeable under the normal UK tax rules on these brands' relevant shipping income. Relevant shipping income includes income from the operation of qualifying ships and from shipping-related activities.

For a company to be eligible for the regime, it must be subject to UK corporation tax and, among other matters, operate qualifying ships that are strategically and commercially managed in the UK. Companies within UK tonnage tax are also subject to a seafarer training requirement.

Our UK non-shipping activities that do not qualify under the UK tonnage tax regime remain subject to normal UK corporation tax. Dividends received from subsidiaries of Carnival plc doing business outside the UK are generally exempt from UK corporation tax.

P&O Cruises (Australia) and all of the other cruise ships operated internationally by Carnival plc in the Australian market are exempt from Australian corporation tax by virtue of the UK/Australian income tax treaty.

Italian Income Tax

Costa, AIDA and Ibero have elected to enter the Italian tonnage tax regime through 2014 and intend to reapply for an additional ten-year period beginning 2015. Companies to which the tonnage tax regime applies pay corporation taxes on shipping profits calculated by reference to the net tonnage of qualifying ships.

Most of Costa's and AIDA's earnings not considered to be shipping profits for Italian tonnage tax purposes will be taxed at an effective tax rate of approximately 6% under the Italian tax regime since all of their ships are Italian registered.

Portuguese, Spanish and German Income Tax

All of Ibero's ships are registered in Portugal. Provided certain local employment requirements are satisfied, most of Ibero's income that is not considered to be shipping profits for Italian tonnage tax purposes is subject to Portuguese income tax at effective rates of 5% or less through 2020. After 2020, such income will be subject to the normal Portuguese tax rate.

Ibero's Spanish operations are minimal and, therefore, its Spanish income taxes are minimal.

Substantially all of AIDA's earnings are exempt from German corporation tax by virtue of the Italy/Germany income tax treaty.

Brazilian and Chinese Income and Other Taxes

From November through March, Costa and Ibero charter certain of their ships for operation in Brazil to Brazilian subsidiaries. The subsidiaries' earnings are subject to Brazilian resident income tax, and we believe that payments these subsidiaries make to Costa and Ibero are exempt from Brazilian income tax under Brazilian domestic law and the Italy/Brazil income tax treaty.

Substantially all of Costa's income from its operations in China is exempt from Chinese corporation tax by virtue of the Italy/China Maritime tax treaty.

U.S. Federal and State Income Taxes

We believe that the U.S. source transportation income we earn currently qualifies for exemption from U.S. federal income tax under applicable bilateral U.S. income tax treaties.

Our domestic U.S. operations, principally the hotel and transportation business of Holland America Princess Alaska Tours, are subject to federal and state income taxation in the U.S., at a combined rate that approximates 40%.

NOTE 5 - Debt

Unsecured long-term debt and short-term borrowings consisted of the following (in millions):

	Group		Company	
	2012	2011	November 30,	
			2012	2011
Long-Term Debt				
Export Credit Facilities				
Fixed rate	\$ 323	\$ 387	\$ 323	\$ 387
Euro fixed rate	388	434	-	-
Euro floating rate (a)	625	352	457	165
Bank Loans				
Fixed rate	149	149	149	149
Floating rate	100	100	100	100
Private Placement Notes				
Euro fixed rate (b)	185	190	185	-
Publicly-Traded Notes				
Euro fixed rate	-	996	-	996
Other	-	2	-	-
Long-Term Debt	<u>1,770</u>	<u>2,610</u>	<u>1,214</u>	<u>1,797</u>
Current Portion of Long-Term Debt				
Export Credit Facilities				
Fixed rate	66	66	66	66
Euro fixed rate	38	39	-	-
Euro floating rate (a)	70	41	57	26
Bank Loans				
Fixed rate	-	1	-	1
Euro fixed rate	-	11	-	11
Private Placement Notes				
Euro fixed rate	-	59	-	-
Publicly-Traded Notes				
Euro fixed rate	971	1	971	1
Sterling fixed rate	-	321	-	321
Current Portion of Long-Term Debt	<u>1,145</u>	<u>539</u>	<u>1,094</u>	<u>426</u>
Floating Rate Short-Term Borrowings				
Commercial paper	-	55	-	55
Euro bank loans	56	118	-	-
Short-Term Borrowings	<u>56</u>	<u>173</u>	<u>-</u>	<u>55</u>
Total Debt	<u>\$ 2,971</u>	<u>\$ 3,322</u>	<u>\$ 2,308</u>	<u>\$ 2,278</u>

- (a) In 2012, we borrowed \$383 million under a euro-denominated export credit facility, the proceeds of which were used to pay for a portion of *AIDamar's* purchase price and is due in semi-annual instalments through May 2024.
- (b) In 2012, \$185 million of euro-denominated fixed rate debt was transferred from the Group to Carnival plc.

Carnival plc, Carnival Corporation and certain of Carnival plc's subsidiaries are party to a five-year multi-currency revolving credit facility for \$2.4 billion (comprised of \$1.6 billion, €450 million and £150 million) (the "Facility"), which expires in May 2016. The Facility currently bears interest at LIBOR/EURIBOR plus a margin of 65 basis points ("bps"). The margin varies based on changes to Carnival Corporation's and Carnival plc's long-term senior unsecured credit ratings. Carnival Corporation & plc is required to pay a commitment fee of 35% of the margin per annum on any undrawn portion. If more than one-third or if more than two-thirds of the Facility is drawn, Carnival Corporation & plc will incur an additional 15 bps or 30 bps utilisation fee, respectively, on the total amount outstanding.

At November 30, 2012, we also had another undrawn revolving credit facility for \$78 million, which expires in 2015. At November 30, 2012, \$2.5 billion was available under these two revolving credit facilities.

The debt table above does not include the impact of our foreign currency and interest rate swaps. Amounts falling due within one year include accrued interest. The floating rate is based on LIBOR or EURIBOR. Substantially all of our fixed rate debt can only be called or prepaid by incurring significant costs. Further detail relating to the Group's policies on managing currency and interest rate risks and additional information on debt and committed financings are provided in Notes 1 and 24 herein, in Notes 5 and 11 of the DLC Financial Statements and within the MD&A section of the DLC Annual Report.

Scheduled annual maturities of our debt were as follows (in millions):

<u>Fiscal</u>	<u>Group</u>		<u>Company</u>	
	<u>November 30,</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
2012		\$ 712		\$ 481
2013	\$ 1,201	1,133	\$ 1,094	1,084
2014	441	414	393	338
2015	166	138	119	89
2016	263	237	215	88
2017	166	137	118	89
Thereafter	734	551	369	109
	<u>\$ 2,971</u>	<u>\$ 3,322</u>	<u>\$ 2,308</u>	<u>\$ 2,278</u>

Our debt is denominated in different currencies, including the effect of foreign currency swaps, as follows (in millions):

	<u>Group</u>		<u>Company</u>	
	<u>November 30,</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Euro	\$ 2,332	\$ 2,241	\$ 1,669	\$ 1,199
U.S. dollar	639	760	639	758
Sterling	-	321	-	321
	<u>\$ 2,971</u>	<u>\$ 3,322</u>	<u>\$ 2,308</u>	<u>\$ 2,278</u>

NOTE 6 - Dividends

The Board of Directors declared regular quarterly dividends for the first, second, third and fourth quarters at \$0.25 per share in 2012 and 2011, respectively. On November 15, 2012, our Board of Directors declared a special dividend to holders of Carnival plc ordinary shares of \$0.50 per share, or \$108 million, which was paid in December 2012. Our quarterly and special dividend declarations amounted to \$54 million, \$53 million, \$55 million and \$162 million or an aggregate of \$324 million in 2012 and regular quarterly declarations of \$46 million, \$53 million, \$54 million and \$54 million or an aggregate of \$207 million in 2011.

NOTE 7 - Earnings per Share

Our basic and diluted earnings per share were computed as follows (in millions, except per share data):

	Years Ended November 30,	
	2012	2011
Net income for basic and diluted earnings per share	\$ 265	\$ 823
Weighted-average ordinary shares outstanding	215	214
Dilutive effect of equity plans	1	1
Diluted weighted-average shares outstanding	216	215
Basic earnings per share	\$ 1.23	\$ 3.83
Diluted earnings per share	\$ 1.23	\$ 3.82

As described in Note 1, Carnival Corporation and Carnival plc operate as a DLC. Under the contracts governing the DLC arrangement, the Carnival Corporation & plc consolidated earnings accrue equally to each share of Carnival Corporation common stock and each Carnival plc ordinary share. For this reason the U.S. GAAP earnings per share for Carnival Corporation & plc are provided for information on page 2.

The weighted-average number of ordinary shares has been reduced for shares in the Company held by the Company's Employee Benefit Trust for the satisfaction of equity awards that have not vested unconditionally. These Employee Benefit Trust held shares do not receive any dividends.

The dilutive shares relate to ordinary shares to be issued on vesting of restricted stock units and performance-based share awards and the exercise of employee share options. Details of employee share-based compensation are discussed in Note 20.

NOTE 8 - Cash and Cash Equivalents

Cash and cash equivalents were as follows (in millions):

	Group		Company	
	November 30,			
	2012	2011	2012	2011
Cash on ships	\$ 57	\$ 60	\$ 17	\$ 17
Cash used for current operations	89	149	37	72
Money market funds and time deposits	149	119	132	93
	\$ 295	\$ 328	\$ 186	\$ 182

NOTE 9 - Trade and Other Receivables, Net

Trade and other receivables, net, were as follows (in millions):

	Group		Company	
	November 30,			
	2012	2011	2012	2011
Trade, net	\$ 123	\$ 135	\$ 63	\$ 64
VAT	39	16	9	12
Income taxes and other	15	21	3	3
	\$ 177	\$ 172	\$ 75	\$ 79

The aging of trade receivables was as follows (in millions):

	<u>Group</u>		<u>Company</u>	
	<u>November 30,</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current	\$ 105	\$ 111	\$ 62	\$ 63
1 to 30 days	11	8	2	-
31 to 90 days	5	5	1	1
91 to 180 days	4	9	-	1
Over 180 days	9	10	1	-
	<u>\$ 134</u>	<u>\$ 143</u>	<u>\$ 66</u>	<u>\$ 65</u>

The allowance account movements were as follows (in millions):

	<u>Group</u>		<u>Company</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	Allowance for bad debts at December 1,	\$ 8	\$ 14	\$ 1
Expenses	3	8	2	8
Write-offs	-	(14)	-	(8)
Allowance for bad debts at November 30,	<u>\$ 11</u>	<u>\$ 8</u>	<u>\$ 3</u>	<u>\$ 1</u>

NOTE 10 - Inventories, Net

Inventories, net were as follows (in millions):

	<u>Group</u>		<u>Company</u>	
	<u>November 30,</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Food and beverage provisions and hotel and restaurant products and supplies, net	\$ 86	\$ 89	\$ 29	\$ 34
Fuel	48	42	19	16
Merchandise held for resale, net	25	22	1	1
	<u>\$ 159</u>	<u>\$ 153</u>	<u>\$ 49</u>	<u>\$ 51</u>

The amount of inventories recognised as a Group cost or expense was \$1.5 billion in 2012 and 2011.

NOTE 11 - Property and Equipment

Property and equipment movements were as follows (in millions):

	Group			Company		
	Ships and ship improvements	Other property and equipment	Total	Ships and ship improvements	Other property and equipment	Total
Cost at November 30,						
2010	\$ 15,479	\$ 1,175	\$ 16,654	\$ 5,553	\$ 67	\$ 5,620
Exchange movements	(21)	(2)	(23)	(10)	(1)	(11)
Additions	1,341	97	1,438	187	9	196
Disposals	(108)	(125)	(233)	(27)	(4)	(31)
Cost at November 30,						
2011	16,691	1,145	17,836	5,703	71	5,774
Exchange movements	46	(7)	39	280	5	285
Additions	1,226	67	1,293	84	14	98
Disposals	(1,035)	(12)	(1,047)	(320)	(1)	(321)
Cost at November 30,						
2012	\$ 16,928	\$ 1,193	\$ 18,121	\$ 5,747	\$ 89	\$ 5,836
Accumulated depreciation at						
November 30, 2010	\$ (2,865)	\$ (511)	\$ (3,376)	\$ (1,127)	\$ (25)	\$ (1,152)
Exchange movements	13	1	14	1	-	1
Depreciation and						
amortisation	(561)	(73)	(634)	(210)	(10)	(220)
Impairment (a)	(58)	-	(58)	-	-	-
Disposals	51	73	124	10	3	13
Accumulated depreciation at						
November 30, 2011	(3,420)	(510)	(3,930)	(1,326)	(32)	(1,358)
Exchange movements	(125)	4	(121)	(131)	(2)	(133)
Depreciation and						
amortisation	(535)	(75)	(610)	(202)	(10)	(212)
Impairment (a)	(34)	-	(34)	-	-	-
Disposals	460	12	472	254	1	255
Accumulated depreciation at						
November 30, 2012	\$ (3,654)	\$ (569)	\$ (4,223)	\$ (1,405)	\$ (43)	\$ (1,448)
Net book value						
At November 30, 2012	\$ 13,274	\$ 624	\$ 13,898	\$ 4,342	\$ 46	\$ 4,388
At November 30, 2011	\$ 13,271	\$ 635	\$ 13,906	\$ 4,377	\$ 39	\$ 4,416

(a) See Note 3 for ship impairment losses.

Ships under construction include progress payments for the construction of new ships, as well as design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items. Capitalised interest, substantially all on our ships under construction, amounted to \$7 million and \$10 million in 2012 and 2011, respectively. The interest capitalisation rate is based on the weighted-average interest rates applicable to borrowings within the DLC during each period. During 2012 and 2011, the average capitalisation rate was 3.9% and 4.1%, respectively.

During 2012, the Group took delivery of two new ships, the 2,194 passenger *AIDAmar* and the 2,984 passenger *Costa Fascinosa*, and made stage payments for ships under construction. During 2011, P&O Cruises (UK) purchased *Royal Princess* from Princess, a related party, and named her *Adonia*. Details of this related party purchase are discussed in Note 21.

At November 30, 2012 and 2011, ships under construction included above totalled \$185 million and \$287 million, respectively. At November 30, 2012 and 2011, the net book value of ship assets is shown after deducting government construction grants of \$150 million and \$163 million, respectively. At November 30, 2012 and 2011, the book value of our land was \$24 million and \$25 million, respectively.

See Note 3 for additional ship-related discussions.

NOTE 12 - Intangibles

Intangible movements were as follows (in millions):

	<u>Group</u>			<u>Company</u>
	<u>Goodwill</u>	<u>Trademarks</u>	<u>Total</u>	<u>Goodwill</u>
At November 30, 2010	\$ 840	\$ 34	\$ 874	\$ 171
Exchange movements	16	-	16	(1)
At November 30, 2011	856	34	890	170
Ibero impairment losses (a)	(153)	(20)	(173)	-
Exchange movements	(10)	(1)	(11)	6
At November 30, 2012	<u>\$ 693</u>	<u>\$ 13</u>	<u>\$ 706</u>	<u>\$ 176</u>

(a) During 2012, given the current state of the Spanish economy and considering the low level of Ibero estimated recoverable amount in excess of its carrying amount, we performed an interim impairment review of Ibero's goodwill and trademarks. The interim discounted future cash flow analysis that was used to estimate Ibero's estimated recoverable amounts were primarily impacted by slower than anticipated Ibero capacity growth and a lower estimated royalty rate. As a result, Ibero's estimated recoverable amounts no longer exceeded its carrying values. Accordingly, we recognized a goodwill impairment loss of \$153 million, which represented Ibero's entire goodwill balance and a \$20 million trademark impairment loss. At November 30, 2012, the entire Group trademarks' balance is related to Ibero.

At November 30, 2012 and 2011, the net book value of each of our CGUs' or cruise brands' goodwill balance was as follows: AIDA, \$149 million (2011 \$154 million), Costa, \$368 million (2011 \$378 million), Cunard, \$176 million (2011 \$170 million), and Ibero nil (2011 \$154 million). As of July 31, 2012, we performed our annual goodwill impairment reviews to assess the recoverable amount of each cruise brand's goodwill. For the impairment reviews, the estimated recoverable amounts were based on the higher of the cruise brands' fair value less costs to sell and its value in use. Recoverable amounts for our brands that carried goodwill were determined using the 10-year discounted future cash flow analysis. Our annual impairment reviews resulted in no goodwill impairments.

The principal assumptions used in our cash flow analyses relate to forecasting future operating results including the following:

- net revenue yields and net cruise costs including fuel prices;
- capacity changes, including the expected deployment of vessels into, or out of, the cruise brands, including, but not limited to, the new ships discussed in Note 22;
- pre-tax discount rates, which ranged from 11% to 13%; and
- terminal values and long-term growth rates.

The cash flows were estimated based on those a market participant would expect to derive from the businesses. For all the cruise brands, we used past experience, among other things, in determining an estimate of future cash flows.

The determination of our cruise brands' goodwill recoverable amounts includes numerous assumptions that are subject to various risks and uncertainties. We believe that we have made reasonable estimates and judgments in determining whether our goodwill has been impaired. However, if there is a material change in assumptions used in our determination of recoverable amounts or if there is a material change in conditions or circumstances influencing recoverable amounts, then we may need to recognise a material goodwill impairment loss.

There have not been any events or circumstances subsequent to July 31, 2012, which we believe require us to perform further interim goodwill or trademark impairment test.

NOTE 13 - Other Assets

Other assets were as follows (in millions):

	Group		Company	
	November 30,			
	2012	2011	2012	2011
Other receivables, including VAT	\$ 107	\$ 126	\$ 1	\$ 2
Insurance recoverables	38	7	-	-
Prepaid expenses and other	33	26	20	15
Deferred taxes	22	29	-	2
Derivative contract receivables	11	3	11	3
Income tax receivables	2	4	-	-
	\$ 213	\$ 195	\$ 32	\$ 22

Substantially all deferred tax assets relate to net operating losses expected to be recovered against future taxable income. At November 30, 2012 and 2011, the Group had gross deferred tax assets of \$134 million and \$132 million, and the Company had gross deferred tax assets of \$106 million and \$104 million, respectively, which were not recognised.

NOTE 14 - Investments in Subsidiaries

Investments in subsidiaries movements were as follows (in millions):

At November 30, 2010	\$ 5,366
Impairment of investment in wholly owned subsidiary (a)	(428)
Exchange movements	11
At November 30, 2011	4,949
Additions	88
Exchange movements	(55)
At November 30, 2012	\$ 4,982

- (a) During 2011, a Carnival plc wholly owned subsidiary declared a non-cash dividend for \$1.4 billion, which substantially liquidated all of its assets and, accordingly, the investment of \$428 million in this wholly owned subsidiary was impaired.

At November 30, 2012, the Company's principal operating subsidiary was Costa Crociere S.p.A., which is incorporated in Italy and is 99.97% directly owned by the Company. This subsidiary owns and operates the Costa and AIDA cruise brands, and also operates the Ibero ships.

The following wholly owned UK subsidiaries are exempt from the requirement to prepare individual audited accounts or individual accounts (as further specified below) for the year ended November 30, 2012:

<u>Company</u>	<u>Companies House Registration Number</u>
P&O Princess Cruises International Limited (a)	03902746
SeaVacations Limited (a)	03681272
SeaVacations UK Limited (a)	03633566
AIDA Cruises Limited (b)	03834609
Carnival (UK) Limited (b)	03141044
Costa Cruise Lines UK Limited (b)	02482631
P&O Princess American Holdings (b)	01453164
P&O Princess Cruises Pension Trustee Limited (b)	04069014
P&O Travel Limited (b)	00773151
Silsub Limited (b)	03963373

(a) Exempt from preparing individual audited accounts by virtue of Section 479A of the Companies Act 2006.

(b) Exempt from preparing individual accounts by virtue of Section 394A of the Companies Act 2006.

In order to obtain the above exemptions, the Company has guaranteed the outstanding liabilities to which each of the above companies is subject at November 30, 2012.

The full information for all of the Carnival plc subsidiaries will be annexed to the Company's next annual return.

NOTE 15 - Other Long-Term Liabilities

Other long-term liabilities were as follows (in millions):

	<u>Group</u>		<u>Company</u>	
	<u>November 30,</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Post-employment benefits (Note 18)	\$ 69	\$ 36	\$ 35	\$ 2
Claims reserve	60	26	9	10
Deferred income taxes	37	32	-	-
Income taxes	36	44	1	3
Other	15	11	2	1
	<u>\$ 217</u>	<u>\$ 149</u>	<u>\$ 47</u>	<u>\$ 16</u>

The Group and Company claims reserve includes estimated liabilities for illness and injury to crew and guest injuries primarily all related to the ship incident.

Deferred income tax liabilities are principally related to differences between the (1) book and tax methods of calculating depreciation expense in our Holland America Princess Alaska Tours business and other North America operations and (2) the timing of recognising our Cozumel, Mexico port hurricane insurance settlement.

Other liabilities of the Group and Company primarily include liabilities for contractual disputes and property lease obligations. These lease obligations are expected to be settled over their term.

NOTE 16 - Share Capital

The issued and fully paid Carnival plc ordinary share capital was as follows (dollars in millions):

	<u>Number of Shares</u>	<u>Share Capital</u>
At November 30, 2010	213,540,729	\$ 355
Shares issued	<u>734,584</u>	<u>2</u>
At November 30, 2011	214,275,313	357
Shares issued	<u>132,102</u>	<u>-</u>
At November 30, 2012	<u>214,407,415</u>	<u>\$ 357</u>

During 2012 and 2011, the Company issued 120,200 and 701,619 ordinary shares following the exercise of share options, for total consideration of \$3 million and \$27 million, and for the issuance of restricted share awards, Restricted Stock Units (“RSUs”) and Performance Based Shares (“PBSs”); issued 5,197 and 22,909 ordinary shares to a former executive in connection with his deferred bonus plan and issued 6,705 and 10,056 ordinary shares in connection with the Carnival plc Employee Stock Purchase Plan, respectively. In addition, 610,600 and 225,000 ordinary shares were issued in 2012 and 2011, respectively, to the Carnival plc Employee Benefit Trust, which are not included above as they were recorded as treasury stock.

The Company has 50,000 allotted but unissued redeemable preference shares of £1 each. These redeemable preference shares are entitled to a cumulative fixed dividend of 8% per annum. The preference shares, which carry no voting rights, rank behind other classes of shares in relation to the payment of capital on certain types of distributions from the Company. The Company also has two allotted and issued subscriber shares of £1 each, that carry no voting rights and no right to receive any dividend or any amount paid on return of capital. Finally, the Company has one special voting share of £1 issued to Carnival Corporation in connection with the DLC transaction to enable Carnival Corporation’s shareholders to vote as a group on Company shareholder matters.

NOTE 17 - Reserves and Other Equity Activity

The Group merger reserve relates to the difference between the book value and the fair value of certain businesses sold to Carnival Corporation during 2004 as part of a DLC corporate restructuring, which was accounted for as a group reconstruction.

At November 30, 2012 and 2011, the Carnival plc Employee Benefit Trust held 302,702 and 47,811 ordinary shares of Carnival plc, respectively, with an aggregate par value of \$0.5 million and \$0.1 million at November 30, 2012 and 2011, respectively. At November 30, 2012 and 2011, the market value of these shares was \$12 million and \$2 million, respectively. If they had been sold at this market value there would have been no tax liability in either 2012 or 2011 on the capital gain arising from the sale.

The income attributable to shareholders of the Company was \$0.6 billion and \$1.6 billion in 2012 and 2011, respectively. Retained earnings is comprised of \$3.6 billion and \$3.4 billion of distributable reserves at November 30, 2012 and 2011, respectively, and \$1.7 billion of nondistributable reserves at November 30, 2012 and 2011.

In September 2007, the Board of Directors authorized the repurchase of up to an aggregate of \$1 billion of the Carnival plc ordinary shares and Carnival Corporation common stock subject to certain restrictions (the “Repurchase Program”). The Repurchase Program does not have an expiration date, and may be discontinued by the Board of Directors at any time. During 2011, Carnival Investments Limited, a subsidiary of Carnival Corporation, repurchased 1.3 million ordinary shares of Carnival plc for \$41 million under the Repurchase Program. During 2012, there were no repurchases of Carnival plc ordinary shares under the Repurchase Program. At November 30, 2012, the remaining availability under the Repurchase Program was \$244 million. On January 16, 2013, the Board of Directors increased the remaining authorization available under the Repurchase Program back to \$1 billion, which was fully available at February 21, 2013.

In addition to the Repurchase Program, the Board of Directors have authorized the repurchase of up to 19.2 million Carnival plc ordinary shares and up to 32.8 million of Carnival Corporation common stock under the Stock Swap programs described below. Depending on market conditions and other factors, Carnival Corporation & plc may purchase shares of Carnival plc ordinary shares under the Repurchase Program and the Stock Swap programs concurrently. Carnival Corporation & plc use the Stock Swap programs in situations where it can obtain an economic benefit because either Carnival Corporation common stock or Carnival plc ordinary shares are trading at a price that is at a premium or discount to the price of Carnival plc ordinary shares or Carnival Corporation common stock, as the case may be. This economic benefit is used for general corporate purposes, which could include repurchasing additional stock under the Repurchase Program. Carnival plc ordinary share repurchases under both the Repurchase Program and the Stock Swap authorizations require annual shareholder approval. During 2012 and 2011, no Carnival Corporation common stock or Carnival plc ordinary shares were sold or repurchased under the Stock Swap programs. At February 21, 2013, the remaining availability under the Stock Swap program repurchase authorization were 18.1 million Carnival plc ordinary shares and 32.0 million Carnival Corporation common stock.

See the Statements of Changes in Shareholders' Equity for movements in capital and other reserves.

NOTE 18 - Post-Employment Benefits

Employee Benefit Plans

Carnival plc is a contributing employer to three defined benefit pension plans, the P&O Cruises (UK) pension plan ("Company's UK Plan"), the multiemployer Merchant Navy Officers Pension Fund ("MNOPF") and the multiemployer Merchant Navy Ratings Pension Fund ("MNRPF"). The defined benefit plans are formally valued triennially by independent qualified actuaries.

The Company's UK Plan's assets are managed on behalf of the trustee by independent fund managers and is fully funded at November 30, 2012. The Company's UK Plan is closed to new membership.

The MNOPF is a funded defined benefit multiemployer plan in which British officers employed by companies within the Group have participated and continue to participate. The MNOPF is divided into two sections, the "New Section" and the "Old Section," each of which covers a different group of participants, with the Old Section closed to further benefit accrual and the New Section only closed to new membership. The MNOPF is accounted for as a defined benefit plan. Based on the most recent actuarial review of the New Section at March 31, 2011, it was determined that this plan was 86% funded and the deficits are to be recovered through funding contributions from participating employers.

The Old Section covers predecessor employers' officers employed prior to 1978 and is fully funded. In December 2012, the fund's trustee completed a buy-in of the Old Section liabilities with a third party insurer, whereby the insurer will pay the officers' pension liabilities as they become due. Therefore, we believe our obligation to share in any future funding is remote.

The MNRPF is a defined benefit multiemployer pension plan available to certain of P&O Cruises (UK)'s shipboard British personnel. This plan is closed to new membership and at March 31, 2012 was 72% funded and, accordingly, has a funding deficit. In 1999, we withdrew from the plan, but continued making voluntary payments through 2006. However, pursuant to a 2011 court order, it was determined that P&O Cruises (UK), along with other unrelated employers, were required to continue to be named participating employers of the plan. The MNRPF was previously being accounted for as a defined contribution plan, however, in November 2012 our percentage of the plan deficit was reasonably determinable and, accordingly we commenced accounting for the MNRPF as a defined benefit pension plan and recorded our obligation as an adjustment to our pension benefit obligations.

The recorded assets and liabilities on the Group's balance sheets for the Company's UK Plan, the Group's share of the MNOPF New Section and the MNRPF and other post-employment benefit liabilities were as follows (in millions):

	<u>November 30,</u>	
	<u>2012</u>	<u>2011</u>
Long-term assets		
Employee benefit plan surplus	\$ 3	\$ -
Long-term liabilities		
Employee benefit plan deficits	\$ 36	\$ 1
Other post-employment benefits	69	36
	<u>\$ 105</u>	<u>\$ 37</u>

The employee benefit plan information provided below relates to the Company's UK Plan, the Group's share of the MNOPF New Section and the MNRPF.

The pension liabilities for accounting purposes were calculated at November 30, 2012 and 2011 by the Group's qualified actuary. The principal assumptions used were as follows:

	<u>Company's</u> <u>UK Plan (%)</u>		<u>MNOPF</u> <u>New Section (%)</u>		<u>MNRPF (%)</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Discount rates	4.6	5.0	4.2	5.0	4.2
Expected rates of salary increases	4.0	4.6	4.0	4.6	4.0
Pension increases					
Deferment	2.2	2.1	2.2	2.1	2.2
Payment	2.9	3.0	2.9	3.0	2.9
Inflation	3.0	3.1	3.0	3.1	3.0
Expected rates of return on plan assets	5.4	5.5	5.1	6.0	5.3

Assumptions regarding future mortality experience are set based on the Self Administered Pension Schemes tables for the "base" mortality tables. The weighted-average life expectancy in years of a 65-year old pensioner on the balance sheet dates was as follows:

	<u>November 30,</u>	
	<u>2012</u>	<u>2011</u>
Male	22.4	22.7
Female	24.9	25.0

The weighted-average life expectancy in years of a 45-year old future pensioner retiring at age 65 was as follows:

	<u>November 30,</u>	
	<u>2012</u>	<u>2011</u>
Male	24.9	25.2
Female	27.4	27.5

With regard to the Company's UK plan, management considers the types of investment classes in which pension plan assets are invested and the expected compound return that the portfolio can reasonably be expected to earn over time, based on long-term real rates of return experienced in the respective markets.

The amounts recognised in the balance sheets for these plans were determined as follows (in millions):

	November 30,				
	2012	2011	2010	2009	2008
Present value of obligations	\$ (486)	\$ (332)	\$ (306)	\$ (307)	\$ (183)
Fair value of plans' assets	453	331	307	267	190
Net (liabilities) assets recognised in the balance sheets	<u>\$ (33)</u>	<u>\$ (1)</u>	<u>\$ 1</u>	<u>\$ (40)</u>	<u>\$ 7</u>

Actuarial gains and losses for these plans were as follows (in millions):

	Years Ended November 30,				
	2012	2011	2010	2009	2008
(Losses) gains on plans' liabilities	\$ (20)	\$ (13)	\$ 19	\$ (86)	\$ 28
Gains (losses) on plans' assets, including restriction on assets	15	7	(3)	27	(41)
	<u>\$ (5)</u>	<u>\$ (6)</u>	<u>\$ 16</u>	<u>\$ (59)</u>	<u>\$ (13)</u>

The cumulative actuarial losses recognised in the Group or Company Statements of Shareholders' Equity at November 30, 2012 and 2011 for these plans were \$35 million and \$30 million, respectively.

The amounts recognised in the Group Statements of Income for these plans were as follows (in millions):

	Years Ended November 30,	
	2012	2011
Current service cost	\$ 8	\$ 8
Interest cost	17	17
Expected return on plan assets	(20)	(22)
Total included in payroll and related expenses	<u>\$ 5</u>	<u>\$ 3</u>

Our estimated contributions expected to be paid into these plans during 2013 are \$8 million for the Company's UK Plan and \$7 million for the MNOPF New Section.

Analysis of the movements in the balance sheet assets (liabilities) for these plans was as follows (in millions):

	2012	2011
Net (liabilities) assets at December 1	\$ (1)	\$ 1
Expenses (see above)	(5)	(3)
Amounts recognised in the Group Statements of Comprehensive Income	(5)	(6)
Employer contributions	7	7
Adjustment in Group share of MNRPF	(29)	-
Net (liabilities) at November 30	<u>\$ (33)</u>	<u>\$ (1)</u>

Changes in the present value of defined benefit obligations for these plans were as follows (in millions):

	<u>2012</u>	<u>2011</u>
Present value of obligations at December 1	\$ 332	\$ 306
Current service cost	8	8
Interest cost	17	17
Contributions from employees	1	1
Benefits paid	(11)	(11)
Actuarial losses on plan liabilities	20	13
Adjustment in Group share of MNRPF	108	-
Exchange movements	11	(2)
Present value of obligations at November 30	<u>\$ 486</u>	<u>\$ 332</u>

Changes in the fair value of these plans' assets were as follows (in millions):

	<u>2012</u>	<u>2011</u>
Fair value of plans' assets at December 1	\$ 331	\$ 307
Expected return on plan assets	20	22
Employer contributions	8	7
Contributions from employees	1	1
Benefits paid	(11)	(11)
Actuarial gains on plan assets	7	4
Restriction on assets	7	3
Adjustment in Group's share of MNRPF	79	-
Exchange movements	11	(2)
Fair value of plans' assets at November 30	<u>\$ 453</u>	<u>\$ 331</u>

IAS19 "Employee Benefits" was amended and will be effective for the Group beginning on December 1, 2012. The impact of this amendment is that discount rates will no longer be used to calculate the expected return on future assets. Accordingly, if this amendment had been applied for the Group's 2012 pension expenses they would have increased by \$2 million.

The actual gains on these plans' assets in 2012 and 2011 were \$27 million and \$26 million, respectively.

These plans' assets were comprised as follows (in millions, except percentages):

	<u>November 30,</u>			
	<u>2012</u>		<u>2011</u>	
		%		%
Equities	\$ 208	45.9	\$ 148	43.8
Property	7	1.6	6	1.8
Corporate bonds	74	16.3	42	12.4
Fixed interest gilts	87	19.2	79	23.4
Liability matching investments	77	17.0	63	18.6
	453		338	
Restriction on assets	-		(7)	
	<u>\$ 453</u>		<u>\$ 331</u>	

The Company's net pension balance represents substantially all of the Group's funded employee benefit plans.

Other Post-Employment Benefits

At November 30, 2012 and 2011, other post-employment benefit liabilities included \$11 million and \$12 million, respectively, for a deferred bonus agreement to make annual payments to a former executive director through 2019. Further details of this arrangement are included in Part II of our Directors' Remuneration Report. In

addition, under Italian employment legislation Costa is required to maintain a staff leaving indemnity. Under the indemnity employees are entitled to receive a payment, calculated by reference to their length of service and salary up to December 31, 2006, if they cease employment with Costa. These payments are not conditional on employees reaching normal retirement age and following amendments to the legislation generate no further benefit accrual after December 31, 2006. At November 30, 2012 and 2011, Costa had accrued a liability of \$13 million.

Defined Contribution Plans

The Group has several defined contribution plans available to most of its shore staff employees. During 2012 and 2011 the Group expensed \$6 million and \$5 million, respectively, for these plans.

NOTE 19 - Key Management

The aggregate compensation of the Group's key management was as follows (in millions):

	Years Ended November 30,	
	2012	2011
Fees	\$ 1	\$ 1
Salaries and benefits	4	4
Performance related bonuses	<u>4</u>	<u>6</u>
Total short-term employment benefits	9	11
Share-based compensation	<u>6</u>	<u>11</u>
	<u>\$ 15</u>	<u>\$ 22</u>

The key management, which consists of the Board of Directors, has responsibility and authority for controlling, directing and planning Carnival plc's activities. Their aggregate compensation includes amounts paid by both Carnival Corporation and Carnival plc.

During 2012, there were no exercises of share options by executive directors of Carnival plc ordinary shares. During 2011, there were \$2 million of gains made by executive directors from the exercise of share options over Carnival plc ordinary shares. Further details on Directors' remuneration, including restricted share awards, RSUs, PBS awards, share options and pension entitlements, are set out in Parts I and II of the Carnival plc Directors' Remuneration Report.

NOTE 20 - Employees

The average number of our employees was as follows:

	Years Ended November 30,	
	2012	2011
Shore staff	5,866	6,289
Sea staff	<u>27,784</u>	<u>27,734</u>
	<u>33,650</u>	<u>34,023</u>

The aggregate payroll and related expenses included in both cruise operating expenses and selling and administrative expenses were as follows (in millions):

	Years Ended November 30,	
	2012	2011
Salaries, wages and benefits	\$ 805	\$ 802
Social security and payroll taxes	51	49
Pensions	11	8
Share-based compensation	7	10
	<u>\$ 874</u>	<u>\$ 869</u>

Share-based compensation included \$0.1 million in 2012 and \$0.5 million in 2011 that were recharged by Carnival Corporation in respect of RSUs, PBS awards and options granted over Carnival Corporation common stock to certain U.S.-based Carnival plc Group employees.

Equity Plans

Since 2008, the Compensation Committees (the “Committees”) of the Boards of Directors have only granted restricted share awards and RSUs. In addition, commencing in 2011 the Committees of the Boards of Directors also started to grant PBS awards.

The Group awarded 398,748 and 240,670 RSUs and PBSs at a weighted-average price of £19.28 and £29.78 in 2012 and 2011, respectively, principally to certain officers and management level employees. RSUs vest after three years.

Awards of RSUs and PBSs do not receive dividends or have voting rights. Each RSU and PBS awarded is credited with dividend equivalents equal to the value of cash and stock dividends, if any, paid on Carnival plc ordinary shares, and for awards granted prior to December 1, 2008, interest is credited on the amount of cash dividend equivalents at a rate of 2% per annum. The cash and stock dividend equivalents will be, if any, distributed upon the settlement of the RSUs and PBSs upon vesting.

The PBS awards are granted to certain key Carnival Corporation & plc executives. The share-based compensation expense associated with these PBS awards is based on the quoted market price of the Carnival Corporation or Carnival plc shares on the date of grant and probability our earnings per share growth over a three-year period being achieved. These PBS awards provide an opportunity to earn from zero to 200% of the number of target shares underlying the award achieved at the end of the third year.

Prior to granting RSUs and PBSs, the Committees granted options over ordinary shares, under the Carnival plc 2005 Employee Share Plan and the Carnival plc Executive Share Option Plan, which typically vest three years after the date of the grant, provided the employee remains employed within Carnival Corporation & plc or upon the grantee becoming retirement eligible, and have maximum terms of up to seven years for options granted after October 2006. Options granted prior to October 2006 have maximum terms of up to ten years. The number and weighted-average exercise price of Carnival plc options were as follows:

	2012		2011	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding at December 1	1,653,717	\$ 42.54	2,511,933	\$ 41.46
Exercised	(120,200)	\$ 23.33	(701,619)	\$ 38.31
Forfeited or expired	<u>(162,321)</u>	\$ 42.80	<u>(156,597)</u>	\$ 40.25
Outstanding at November 30	<u>1,371,196</u>	\$ 45.88	<u>1,653,717</u>	\$ 42.54
Exercisable at November 30	<u>1,371,196</u>	\$ 45.88	<u>1,635,254</u>	\$ 42.54

The exercise price range and weighted-average remaining life of outstanding options at November 30, 2012 was as follows:

	<u>Number of options</u>	<u>Weighted- average remaining life (years)</u>
\$20.00 to \$29.99	75,442	0.4
\$30.00 to \$39.99	158,863	1.2
\$40.00 to \$49.99	<u>1,136,891</u>	1.3
Total	<u><u>1,371,196</u></u>	1.2

The obligations underlying the Company's stock options, RSUs and PBS awards are settled through the issuance of Carnival plc ordinary shares.

NOTE 21 - Related Party Transactions

Group

During 2012 and 2011, Holland America Line and Princess purchased land tours from us totalling \$106 million and \$114 million, respectively, and packaged these land tours for sale with their cruises. In addition during 2012 and 2011, we sold \$15 million and \$14 million, respectively, of pre—and post-cruise vacations, shore excursions and transportation services to the Carnival Corporation group.

At November 30, 2012 and 2011, we owed \$1.9 billion and \$1.7 billion, respectively, to the Carnival Corporation group, which was unsecured. Of our total liability to the Carnival Corporation group at November 30, 2012 \$122 million is euro-denominated, repayable on demand and bears interest, and the remaining balance of \$1.7 billion is non-interest bearing and is also repayable on demand.

Within the DLC arrangement, there are instances where we provide services to Carnival Corporation group companies, and also where Carnival Corporation group companies provide services to us. For example, we participate in Carnival Corporation & plc's group risk-sharing programs related to hull and machinery for ships and crew and guest claims. Additional disclosures of related party transactions are discussed in Note 3 of the DLC Financial Statements.

Within our operational and organisational structure, the key management personnel, as defined under IAS 24 "Related Party Disclosures," is considered to consist of the Directors of the Company. Details of the Directors' remuneration are provided in our Directors' Remuneration Report and any relevant transactions are given in the "Certain Relationships and Related Party Transactions" section, both of which are included within the Proxy Statement. The aggregate emoluments of our key management are shown in Note 19.

Company

At November 30, 2012 and 2011, Carnival Corporation owned 1,115,450, or 0.5% of the Company's ordinary shares, which are non-voting. During 2011, Carnival Investments Limited repurchased 1,337,990 ordinary shares of the Company for \$41 million at an average price of \$30.73, under our Repurchase Program. During 2012, Carnival Investments Limited did not purchase any ordinary shares of the Company. At November 30, 2012 and 2011, Carnival Investments Limited owned 31,713,734, or 15%, of the Company's ordinary shares, which are also non-voting.

In 2012, Carnival Corporation and Carnival Investments Limited received dividends on their Carnival plc ordinary shares in the aggregate amount of \$33 million. In 2011, these two companies waived their rights through April 2011 and received an aggregate of \$15 million in dividends from Carnival plc during the remainder of 2011.

During 2012 and 2011, the Company had multi-year ship charter agreements with Princess for two ships operating year-round in Australia and one seasonally Australian-based ship, all of which are accounted for as operating leases. In addition, during 2012 the Company entered into a multi-year ship charter agreement with Carnival Cruise Lines. Both Princess and Carnival Cruise Lines are subsidiaries of Carnival Corporation. The total annual charter payments in 2012 and 2011 were \$212 million and \$165 million, respectively, which were included in other ship operating expenses.

In May 2011, P&O Cruises (UK) purchased the 710-passenger *Royal Princess* for \$107 million from Princess and named it *Adonia*.

The key management personnel of the Company comprise members of the Boards of Directors. Except for some share-based compensation and some fees for UK-based services, the Directors did not receive any remuneration from the Company in 2012 and 2011, as their emoluments were borne by other companies within the DLC. Details of the Company's share-based compensation to Directors are disclosed in the Carnival plc Directors' Remuneration Report, which is included in the Proxy Statement. The Company did not have any transactions with the Directors during 2012 and 2011, other than those discussed in our Directors' Remunerations Report.

Transactions with Subsidiaries

The Company enters into loans with its subsidiaries at both fixed and floating rates of interest, generally at rates agreed to between the parties from time to time. At November 30, 2012, the Company had receivables from its subsidiaries totaling \$1.5 billion consisting of \$1.3 billion of new floating rate euro-denominated loans, due in 2017 and \$0.2 billion of fixed rate euro-denominated loans due through 2018. In addition at November 30, 2012, the Company had net payables of \$423 million (\$690 million at November 30, 2011) due to its subsidiaries, which are payable on demand.

NOTE 22 - Commitments

Group

At November 30, 2012, we had five ships under contract for construction with an aggregate passenger capacity of over 16,000 lower berths with three for AIDA and one each for Costa and P&O Cruises (UK). The estimated total cost of these ships is \$3.1 billion, which includes the contract prices with the shipyards, design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items. We have paid \$0.2 billion through November 30, 2012 and our remaining cruise ship commitments, aggregated based on each ship's delivery date, are expected to be \$0.3 billion in 2013, \$0.7 billion in 2014, \$1.3 billion in 2015 and \$0.6 billion in 2016.

Future minimum lease and port facility commitments, aggregated based on the lease and port facility expiration dates, for noncancellable operating leases and port facility agreements are as follows (in millions):

<u>Fiscal</u>	<u>November 30,</u>	
	<u>2012</u>	<u>2011</u>
2012		\$ 204
2013	\$ 242	6
2014	8	8
2015	8	8
2016	17	18
2017	7	
Thereafter	435	459
Total	<u>\$ 717</u>	<u>\$ 703</u>

Company

At November 30, 2012 and 2011, the Company had \$760 million and \$756 million, respectively, of contracted capital commitments relating to ship construction contracts. Ship capital commitments included contract payments to the shipyards, design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items.

NOTE 23 - Contingent Liabilities

The cross guarantees provided to and from Carnival Corporation as a result of the DLC arrangement, as further discussed within Notes 3, 5 and 11 of the DLC Financial Statements and within the MD&A section of the DLC Annual Report, provide that Carnival plc has guaranteed all Carnival Corporation's indebtedness and certain other of their monetary obligations and Carnival Corporation has provided similar guarantees to Carnival plc.

Some of the debt contracts that we enter into include indemnification provisions that obligate the Group to make payments to the counterparty if certain events occur. These contingencies generally relate to changes in taxes and changes in laws that increase lender capital costs and other similar costs. The indemnification clauses are often standard contractual terms and were entered into in the normal course of business. There are no stated or notional amounts included in the indemnification clauses, and the Group is not able to estimate the maximum potential amount of future payments, if any, under these indemnification clauses. The Group has not been required to make any material payments under such indemnification clauses in the past and, under current circumstances, we do not believe a request for material future indemnification payments is probable.

As a result of the ship incident, litigation claims, enforcement actions, regulatory actions and investigations, including, but not limited to, those arising from personal injury, loss of life, loss of or damage to personal property, business interruption losses or environmental damage to any affected coastal waters and the surrounding areas, have been and may be asserted or brought against various parties, including us. The existing assertions are in their initial stages and there are significant jurisdictional uncertainties. The ultimate outcome of these matters cannot be determined at this time. However, we do not expect these matters to have a significant impact on our results of operations because we have insurance coverage for these types of third-party claims.

In the normal course of our business, various claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of our liability, net of any insurance recoverables, is typically limited to its self-insurance retention levels. Management believes the ultimate outcome of these claims and lawsuits will not have a material adverse impact on the Group and Company financial statements.

NOTE 24 - Financial Instruments

The fair value of cross guarantees within the DLC arrangement (see Note 23) is not significant at November 30, 2012 or 2011, and are not expected to result in any material loss.

Financial assets were as follows (in millions):

	<u>Group</u>		<u>Company</u>	
	<u>November 30,</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 295	\$ 328	\$ 186	\$ 182
Loans, receivables and other				
Current trade receivables, net	123	135	63	64
Current insurance recoverables (a)	472	4	-	-
Current other receivables	8	13	3	3
Amounts owed from subsidiaries	-	-	1,457	-
Long-term other receivables	27	32	4	3
Long-term insurance recoverables	38	7	-	-
Derivative contract receivables	12	4	12	4
	<u>\$ 975</u>	<u>\$ 523</u>	<u>\$ 1,725</u>	<u>\$ 256</u>

Current derivative contracts receivable are included in “Prepaid expenses and other” in the balance sheets.

- (a) Substantially all of our insurance recoverables relate to crew, guest and other third party claims from the ship incident.

The summary of the maturity profiles of the financial liabilities at November 30, 2012 and 2011 was as follows (in millions):

Group

2012	2013	2014	2015	2016	2017	There- after	Total
Floating rate debt	\$ 132	\$ 176	\$ 76	\$ 77	\$ 78	\$ 398	\$ 937
Fixed rate debt	1,166	322	137	230	121	438	2,414
Undiscounted cash flow obligations of debt, including							
future interest	1,298	498	213	307	199	836	3,351
Amounts owed to Carnival Corporation group	1,855	-	-	-	-	-	1,855
Claims reserve (a)	474	-	-	-	-	-	474
Trade payables, accrued liabilities and other	1,215	-	-	-	-	-	1,215
Other liabilities	14	37	30	9	14	38	142
At November 30, 2012	<u>\$ 4,856</u>	<u>\$ 535</u>	<u>\$ 243</u>	<u>\$ 316</u>	<u>\$ 213</u>	<u>\$ 874</u>	<u>\$ 7,037</u>

- (a) Primarily all of our claims reserve relate to crew, guest and other third party claims from the ship incident.

2011	2012	2013	2014	2015	2016	There- after	Total
Floating rate debt	\$ 223	\$ 48	\$ 148	\$ 47	\$ 48	\$ 230	\$ 744
Fixed rate debt	608	1,196	325	139	234	573	3,075
Undiscounted cash flow obligations of debt, including							
future interest	831	1,244	473	186	282	803	3,819
Amounts owed to Carnival Corporation group	1,713	-	-	-	-	-	1,713
Trade payables, accrued liabilities and other	687	-	-	-	-	-	687
Other liabilities	14	14	10	10	10	13	71
At November 30, 2011	<u>\$ 3,245</u>	<u>\$ 1,258</u>	<u>\$ 483</u>	<u>\$ 196</u>	<u>\$ 292</u>	<u>\$ 816</u>	<u>\$ 6,290</u>

Company

2012	2013	2014	2015	2016	2017	There- After	Total
Floating rate debt	\$ 61	\$ 161	\$ 60	\$ 61	\$ 62	\$ 261	\$ 666
Fixed rate debt	1,112	270	87	181	74	144	1,868
Undiscounted cash flow obligations of debt, including							
future interest	1,173	431	147	242	136	405	2,534
Amounts owed to Carnival Corporation group	1,685	-	-	-	-	-	1,685
Amounts owed to subsidiaries	423	-	-	-	-	-	423
Trade payables, accrued liabilities and other	337	-	-	-	-	-	337
Other liabilities	9	6	1	1	6	24	47
At November 30, 2012	<u>\$ 3,627</u>	<u>\$ 437</u>	<u>\$ 148</u>	<u>\$ 243</u>	<u>\$ 142</u>	<u>\$ 429</u>	<u>\$ 5,026</u>

2011	2012	2013	2014	2015	2016	There- After	Total
Floating rate debt	\$ 86	\$ 30	\$ 130	\$ 29	\$ 29	\$ 68	\$ 372
Fixed rate debt	476	1,128	231	76	72	146	2,129
Undiscounted cash flow obligations of debt, including							
future interest	562	1,158	361	105	101	214	2,501
Amounts owed to Carnival Corporation group	426	-	-	-	-	-	426
Amounts owed to subsidiaries	690	-	-	-	-	-	690
Trade payables, accrued liabilities and other	268	-	-	-	-	-	268
Other liabilities	2	2	1	1	1	4	11
At November 30, 2011	<u>\$ 1,948</u>	<u>\$ 1,160</u>	<u>\$ 362</u>	<u>\$ 106</u>	<u>\$ 102</u>	<u>\$ 218</u>	<u>\$ 3,896</u>

Substantially all financial liabilities are held at amortised cost.

As noted below the Group's liquidity is considered on a consolidated Carnival Corporation & plc basis. Included in the "Future Commitments and Funding Sources" section within the MD&A section of the DLC Annual Report is a schedule of the maturity profiles of the recorded and unrecorded contractual cash obligations of Carnival Corporation & plc at November 30, 2012.

The carrying and fair values of debt at November 30, 2012 and 2011 were as follows (in millions):

Group	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate				
Euro export credit facilities	\$ 695	\$ 686	\$ 393	\$ 380
Bank loans	100	101	100	100
Commercial paper	-	-	55	55
Short-term euro bank loans	56	56	118	118
	<u>\$ 851</u>	<u>\$ 843</u>	<u>\$ 666</u>	<u>\$ 653</u>
Fixed rate				
Bearing interest at 3.0% to 3.9%	\$ 150	\$ 156	\$ 150	\$ 155
Bearing interest at 4.0% to 4.9%	1,786	1,916	1,933	2,024
Bearing interest at 6.0% to 6.9%	26	29	84	89
Bearing interest at 7.0% to 7.9%	158	199	487	511
Bearing interest above 8.0%	-	-	2	2
	<u>\$ 2,120</u>	<u>\$ 2,300</u>	<u>\$ 2,656</u>	<u>\$ 2,781</u>
Company				
Floating rate				
Euro export credit facilities	\$ 514	\$ 505	\$ 191	\$ 188
Bank loans	100	101	100	100
Commercial paper	-	-	55	55
	<u>\$ 614</u>	<u>\$ 606</u>	<u>\$ 346</u>	<u>\$ 343</u>
Fixed rate				
Bearing interest at 3.0% to 3.9%	\$ 150	\$ 156	\$ 150	\$ 155
Bearing interest at 4.0% to 4.9%	1,360	1,436	1,461	1,533
Bearing interest at 6.0% to 6.9%	26	29	-	-
Bearing interest at 7.0% to 7.9%	158	199	321	316
	<u>\$ 1,694</u>	<u>\$ 1,820</u>	<u>\$ 1,932</u>	<u>\$ 2,004</u>

The fair values of our publicly-traded notes were based on their unadjusted quoted market prices in active markets. The fair values of our other debt were estimated based on appropriate market interest rates being applied to this debt. The fair values of our financial liabilities not included in the table above approximate their book values.

Fair Value Measurements

IFRS's establish a fair value hierarchy that prioritises the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). This hierarchy requires entities to maximise the use of observable inputs and minimise the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.
- Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent and knowledgeable market participants at the measurement date. Therefore, even when market assumptions are not readily available, our own assumptions are set to reflect those that we believe market participants would use in pricing the asset or liability at the measurement date.

The fair value measurement of a financial asset or financial liability must reflect the nonperformance risk of the counterparty and us. Therefore, the impact of our counterparty's creditworthiness was considered when in an asset position, and our creditworthiness was considered when in a liability position in the fair value measurement of our financial instruments. Creditworthiness did not have a significant impact on the fair values of our financial instruments at November 30, 2012 and 2011. Both the counterparties and we are expected to continue to perform under the contractual terms of the instruments. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair values presented herein are not necessarily indicative of the amounts that could be realised in a current or future market exchange.

The estimated fair value and basis of valuation of our financial instrument assets and (liabilities) that are measured at fair value were as follows (in millions):

Group	November 30, 2012		November 30, 2011	
	Level 1	Level 2	Level 1	Level 2
Cash equivalents (a)	\$ -	\$ -	\$ 92	\$ -
Derivatives				
Net investment hedges (b)	\$ -	\$ 7	\$ -	\$ 2
Interest rate swaps (c)	\$ -	\$ -	\$ -	\$ 2
Foreign currency zero cost collars (d)	\$ -	\$ 5	\$ -	\$ -
Company				
Cash equivalents (a)	\$ -	\$ -	\$ 70	\$ -
Derivatives				
Net investment hedges (b)	\$ -	\$ 7	\$ -	\$ 2
Interest rate swaps (c)	\$ -	\$ -	\$ -	\$ 2
Foreign currency zero cost collars (d)	\$ -	\$ 5	\$ -	\$ -

(a) Cash equivalents are comprised of money market funds.

- (b) At November 30, 2012 and 2011, we had foreign currency forwards totalling \$235 million and \$183 million, respectively, that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency. At November 30, 2012, \$91 million of our foreign currency forward matured in January 2013 and \$144 million mature through July 2017.
- (c) At November 30, 2011, we had sterling interest rate swaps designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making floating interest rate payments. At November 30, 2011, these interest rate swap agreements effectively changed \$310 million of fixed rate debt to GBP LIBOR-based floating rate debt. These interest rate swaps matured in June 2012.
- (d) At November 30, 2012, we had foreign currency derivatives consisting of foreign currency zero cost collars totalling \$286 million that are designated as foreign currency cash flow hedges for a portion of our euro-denominated shipbuilding payments.

We measure our derivatives using valuations that are calibrated to the initial trade prices. Subsequent valuations are based on observable inputs and other variables included in the valuation model such as interest rate and yield price curves, forward currency exchange rates, credit spreads, maturity dates, volatilities and netting arrangements. We use the income approach to value derivatives for foreign currency options and forwards and interest rate swaps using observable market data for all significant inputs and standard valuation techniques to convert future amounts to a single present value amount, assuming that participants are motivated, but not compelled to transact. We also corroborate our fair value estimates using valuations provided by our counterparties.

Capital Management

Within the DLC arrangement the consolidated Carnival Corporations & plc group's primary financial goals are to profitably grow its cruise business, while maintaining a strong balance sheet, which allows them to internally fund their capital investment program and still have a substantial amount of free cash flow, which they intend to return to shareholders in the form of dividends and opportune share buybacks. The Group manages its capital on a consolidated Carnival Corporation & plc basis, applying U.S. GAAP. For additional information see the "Liquidity, Financial Condition and Capital Resources" section within the MD&A section of the DLC Annual Report.

The net debt to capital ratio of the Group at November 30, 2012 and 2011 were calculated as follows (in millions):

	<u>2012</u>	<u>2011</u>
Total debt	\$ 2,971	\$ 3,322
Less cash and cash equivalents	(295)	(328)
Net debt	2,676	2,994
Shareholders' equity	8,519	8,567
Total capital	<u>\$ 11,195</u>	<u>\$ 11,561</u>
Net debt to capital ratio	<u>23.9%</u>	<u>25.9%</u>

At November 30, 2012 and 2011, the net debt to capital ratio for the consolidated Carnival Corporation & plc group, applying U.S. GAAP and prepared on the same basis as above, was 26.1% and 27.2%, respectively. Substantially all of our Group and Company debt agreements, including our Facility, contain one or more financial covenants that require us, among other things, to maintain minimum debt service coverage and minimum shareholders' equity and to limit our debt to capital and debt to equity ratios and the amounts of our secured assets and secured and other indebtedness. Generally, if an event of default under any debt agreement occurs, including those held by Carnival Corporation, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all debt and derivative contracts could be terminated. At November 30, 2012, we believe we were in compliance with all of our debt covenants.

Liquidity Risk

Within the DLC arrangement, liquidity and liquidity risk is assessed on a consolidated Carnival Corporation & plc basis and there are cross guarantees between the two parent companies that result in there being little substantive difference in the availability of debt financing for either Carnival Corporation or Carnival plc. Typically, the Carnival Corporation & plc debt financing agreements allow for either Carnival Corporation or Carnival plc to draw under the facilities, with the non-borrowing parent as guarantor. For additional information see the “Liquidity, Financial Condition and Capital Resources” section within the MD&A section of the DLC Annual Report.

As noted in the “Future Commitments and Funding Sources” section within the MD&A section of the DLC Annual Report, at November 30, 2012 the consolidated Carnival Corporation & plc group had \$2.5 billion available for borrowing under its revolving credit facilities and \$3.3 billion under committed ship financings, in addition to \$195 million of cash and cash equivalents, which excludes \$270 million of cash on hand used for current operations.

Interest Rate Risk

The interest rate profiles of financial assets and (liabilities) at November 30, 2012 were as follows (in millions):

Group	2013	2014	2015	2016	2017	There- after	Total
Floating rate							
Cash and cash equivalents	\$ 295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295
Euro export credit facilities	(70)	(69)	(68)	(68)	(68)	(352)	(695)
Bank loans	-	(100)	-	-	-	-	(100)
Short-term euro bank loans	(56)	-	-	-	-	-	(56)
	<u>\$ 169</u>	<u>\$ (169)</u>	<u>\$ (68)</u>	<u>\$ (68)</u>	<u>\$ (68)</u>	<u>\$ (352)</u>	<u>\$ (556)</u>
Fixed rate							
Bearing interest at 3.0% to 3.9%	\$ -	\$ (150)	\$ -	\$ -	\$ -	\$ -	\$ (150)
Bearing interest at 4.0% to 4.9%	(1,075)	(97)	(98)	(98)	(97)	(321)	(1,786)
Bearing interest at 6.0% to 6.9%	-	(26)	-	-	-	-	(26)
Bearing interest at 7.0% to 7.9%	-	-	-	(96)	-	(62)	(158)
	<u>\$ (1,075)</u>	<u>\$ (273)</u>	<u>\$ (98)</u>	<u>\$ (194)</u>	<u>\$ (97)</u>	<u>\$ (383)</u>	<u>\$ (2,120)</u>
Company							
Floating rate							
Cash and cash equivalents	\$ 186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 186
Euro export credit facilities	(56)	(56)	(56)	(56)	(55)	(235)	(514)
Bank loans	-	(100)	-	-	-	-	(100)
	<u>\$ 130</u>	<u>\$ (156)</u>	<u>\$ (56)</u>	<u>\$ (56)</u>	<u>\$ (55)</u>	<u>\$ (235)</u>	<u>\$ (428)</u>
Fixed rate							
Bearing interest at 3.0% to 3.9%	\$ -	\$ (150)	\$ -	\$ -	\$ -	\$ -	\$ (150)
Bearing interest at 4.0% to 4.9%	(1,038)	(62)	(63)	(63)	(63)	(71)	(1,360)
Bearing interest at 6.0% to 6.9%	-	(26)	-	-	-	-	(26)
Bearing interest at 7.0% to 7.9%	-	-	-	(96)	-	(62)	(158)
	<u>\$ (1,038)</u>	<u>\$ (238)</u>	<u>\$ (63)</u>	<u>\$ (159)</u>	<u>\$ (63)</u>	<u>\$ (133)</u>	<u>\$ (1,694)</u>

The interest rate profiles of the book value of financial assets and (liabilities) at November 30, 2011 were as follows (in millions):

Group

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>There- after</u>	<u>Total</u>
Floating rate							
Cash and cash equivalents	\$ 328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328
Euro export credit facilities	(41)	(39)	(39)	(39)	(39)	(196)	(393)
Bank loans	-	-	(100)	-	-	-	(100)
Commercial paper	(55)	-	-	-	-	-	(55)
Short-term euro bank loans	(118)	-	-	-	-	-	(118)
	<u>\$ 114</u>	<u>\$ (39)</u>	<u>\$ (139)</u>	<u>\$ (39)</u>	<u>\$ (39)</u>	<u>\$ (196)</u>	<u>\$ (338)</u>
Fixed rate							
Bearing interest at 3.0% to 3.9%	\$ -	\$ -	\$ (150)	\$ -	\$ -	\$ -	\$ (150)
Bearing interest at 4.0% to 4.9%	(117)	(1,094)	(98)	(98)	(99)	(427)	(1,933)
Bearing interest at 6.0% to 6.9%	(58)	-	(26)	-	-	-	(84)
Bearing interest at 7.0% to 7.9%	(323)	-	-	-	(99)	(65)	(487)
Bearing interest above 8.0%	-	-	(1)	-	-	(1)	(2)
	<u>\$ (498)</u>	<u>\$ (1,094)</u>	<u>\$ (275)</u>	<u>\$ (98)</u>	<u>\$ (198)</u>	<u>\$ (493)</u>	<u>\$ (2,656)</u>

Company

Floating rate							
Cash and cash equivalents	\$ 182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182
Euro export credit facilities	(27)	(25)	(25)	(25)	(25)	(64)	(191)
Bank loans	-	-	(100)	-	-	-	(100)
Commercial paper	(55)	-	-	-	-	-	(55)
	<u>\$ 100</u>	<u>\$ (25)</u>	<u>\$ (125)</u>	<u>\$ (25)</u>	<u>\$ (25)</u>	<u>\$ (64)</u>	<u>\$ (164)</u>
Fixed rate							
Bearing interest at 3.0% to 3.9%	\$ -	\$ -	\$ -	\$ (150)	\$ -	\$ -	\$ (150)
Bearing interest at 4.0% to 4.9%	(78)	(1,059)	(63)	(63)	(63)	(135)	(1,461)
Bearing interest at 7.0% to 7.9%	(321)	-	-	-	-	-	(321)
	<u>\$ (399)</u>	<u>\$ (1,059)</u>	<u>\$ (63)</u>	<u>\$ (213)</u>	<u>\$ (63)</u>	<u>\$ (135)</u>	<u>\$ (1,932)</u>

The Group and Company have floating rate debt. Based upon a 10% hypothetical change in the November 30, 2012 market interest rates, our annual interest expense on floating rate debt would change by an insignificant amount. Substantially all of our fixed rate debt can only be called or prepaid by incurring significant costs, therefore, it is unlikely we will be able to take significant steps in the short-term to mitigate our fixed rate debt exposure in the event of a significant decrease in market interest rates. Within the DLC arrangement, interest rate risks are considered on a combined Carnival Corporation & plc basis. For additional information see Note 11 of the DLC Financial Statements and within the MD&A section of the DLC Annual Report.

Foreign Currency Risks

At November 30, 2012, the equivalent of 98% of Group net operating assets were denominated in non-U.S. dollar currencies, specifically 69% were denominated in euros, 26% were in sterling and 3% were in Australian dollars, with the remaining 2% of net operating assets denominated in U.S. dollars. As a result of this currency composition, the Group's U.S. dollar consolidated balance sheet can be affected by currency movements. The Group partially mitigates the effect of such movements by having some borrowings in the same currencies as those in which the assets are denominated.

A significant portion of Group operating income is generated by businesses with functional currencies other than the U.S. dollar, principally the euro, sterling and Australian dollar. The results of these businesses are translated into U.S. dollars at weighted-average exchange rates for the purposes of consolidation. The impact of currency movements on net income is mitigated partially by some interest expenses being incurred in non-U.S. dollar currencies. Within the DLC arrangement, foreign currency risks are considered on a combined Carnival Corporation & plc basis. For additional information see Note 11 of the DLC Financial Statements and the MD&A section within the DLC Annual Report.

The exchange rates for each of our major currencies as of and for the year ended November 30, 2012 and 2011 were as follows:

	2012			2011		
	£:U.S.\$	euro:U.S.\$	Aus\$:U.S.\$	£:U.S.\$	euro:U.S.\$	Aus\$:U.S.\$
November 30 exchange rates	1.60	1.30	1.05	1.55	1.33	0.99
Average yearly exchange rates	1.58	1.28	1.03	1.60	1.40	1.03

At November 30, the fair value of derivatives included in the Group and Company balance sheets at November 30, 2012 and 2011 were as follows (in millions):

	2012			2011		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Foreign currency forwards-net investment						
hedges	\$ 235	\$ 7	\$ -	\$ 183	\$ 2	\$ -
Debt related interest rate swaps-fair value						
hedge	\$ -	-	-	\$ 310	2	-
Foreign currency zero cost collars-ships	\$ 286	5	-	\$ -	-	-
		<u>\$ 12</u>	<u>\$ -</u>		<u>\$ 4</u>	<u>\$ -</u>

At November 30, 2012, the Group and Company have \$235 million of foreign currency forwards that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency, thus partially offsetting this foreign currency exchange rate risk. Based on a 10% hypothetical change in the U.S. dollar to euro exchange rate as of November 30, 2012, we estimate that these foreign currency forwards' fair values would change by \$24 million, which would be offset by a corresponding change of \$24 million in the U.S. dollar value of our net investments. In addition, based on a 10% hypothetical change in the U.S. dollar to euro, sterling and Australian dollar exchange rates as of November 30, 2012, which are the functional currencies that we translate into our U.S. dollar reporting currency, we estimate that our 2012 net income would change by \$140 million. Similarly, we estimate based upon a 10% hypothetical change in the U.S. dollar to these currencies exchange rates our 2012 cumulative translation adjustment would have changed by \$521 million.

There are no amounts excluded from the assessment of hedge effectiveness, and there are no credit risk related contingent features in our derivative agreements. The amount of estimated cash flow hedges' unrealised gains and losses that are expected to be reclassified to earnings in the next twelve months is not significant. Ineffectiveness arising on cash flow hedges was not material during 2012 and 2011 and, accordingly, all cash flow hedges were considered effective.

Credit Risk

As part of our ongoing control procedures, we monitor concentrations of credit risk associated with financial and other institutions with which we conduct significant business. Our maximum exposure under foreign currency contracts and interest rate swap agreements that are in-the-money, which were not significant at November 30, 2012, is the replacement cost in the event of nonperformance by the counterparties to the contracts, all of which are currently our lending banks. We seek to minimise credit risk exposure, including counterparty

nonperformance primarily associated with our cash equivalents, investments, committed financing facilities, derivative instruments, insurance contracts and new ship progress payment guarantees, by normally conducting business with large, well-established financial institutions, insurance companies and export credit agencies, and by diversifying our counterparties. In addition, we have guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimise risk. We normally do require collateral and/or guarantees to support notes receivable on significant asset sales, long-term ship charters and new ship progress payments to shipyards. We currently believe the risk of nonperformance by any of our significant counterparties is remote.

We also monitor the creditworthiness of travel agencies and tour operators in Europe and credit card providers to which we extend credit in the normal course of our business. Our credit exposure includes contingent obligations related to cash payments received directly by travel agents and tour operators for cash collected by them on cruise sales in most of Europe where we are obligated to extend credit in a like amount to these guests even if we do not receive payment from the travel agents or tour operators. Concentrations of credit risk associated with these receivables and contingent obligations are not considered to be material, primarily due to the large number of unrelated accounts within our customer base, the amount of these contingent obligations and their short maturities. We have experienced only minimal credit losses on our trade receivables and related contingent obligations. We do not normally require collateral or other security to support normal credit sales.

Derivatives

The Group and Company use derivative financial instruments to manage some of the currency and interest rate risks arising from their operations and their sources of finance. The derivatives used for this purpose are principally foreign currency forwards and swaps and interest rate swaps.

Our shipbuilding contracts are typically denominated in euros. Our decisions regarding whether or not to hedge a non-functional currency ship commitment for our UK brands are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, currency exchange rate correlation, economic trends, our overall expected net cash flows by currency and other offsetting risks. We use foreign currency derivative contracts and have used nonderivative financial instruments to manage foreign currency exchange rates risk for some of our ship construction payments.

In July 2012, we entered into foreign currency zero cost collars that are designated as cash flow hedges for a portion of the remaining P&O Cruises (UK) newbuild's euro-denominated shipyard payments. These collars mature in February 2015 at a weighted-average ceiling rate of £0.83 to the euro, or \$294 million, and a weighted-average floor rate of £0.77 to the euro, or \$272 million. If the spot rate is between these two rates, on the date of maturity, then we would not owe or receive any payments under these collars. Based on a 10% hypothetical increase or decrease in the November 30, 2012 U.S. dollar and sterling to euro exchange rates, we estimate the fair value of these collars would increase \$14 million or decrease \$12 million, respectively.

At November 30, 2012, substantially all our remaining newbuild currency exchange rate risk relates to the unhedged portion of the euro denominated construction payments for a portion of P&O Cruises (UK)'s newbuild, which has remaining outstanding commitments of \$394 million. The sterling cost of this portion of P&O Cruises (UK)'s newbuild will increase or decrease based on changes in the GBP exchange rate until the payments are made under the shipbuilding contract, or we enter into a foreign currency hedge. Based upon a 10% hypothetical change in the U.S. dollar and sterling to euro exchange rates as of November 30, 2012, the unpaid cost of this ship would have a corresponding change of \$39 million.

Additional detail relating to the Group's and Company's financial risk management objectives and policies is included in Notes 1 and 11 of the DLC Financial Statements and within the MD&A section of the DLC Annual Report.

Independent Auditors' Report To The Members of Carnival plc

We have audited the financial statements of Carnival plc for the year ended November 30, 2012 which comprise the Group statements of income, the Group statements of comprehensive income, the Group and Parent Company balance sheets, the Group and Parent Company statements of cash flows, the Group and Parent Company statements of changes in shareholders' equity and the related notes, including the Carnival Corporation & plc consolidated financial statements on pages 5 to 38 of the Carnival Corporation & plc 2012 Annual Report. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Carnival plc annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at November 30, 2012 and of the Group's net income and Group's and Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report in Annex B to the Proxy Statement, dated February 21, 2013, to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report set out in Annex A to the Proxy Statement, dated February 21, 2013, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the information given in the Corporate Governance Report set out on page C-8 in Annex C to the Proxy Statement with respect to internal control and risk management systems is consistent with the financial statements.

Matters on which we are required to report by exception

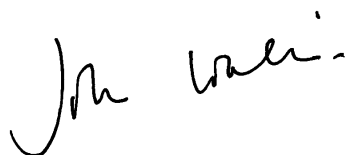
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance report has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page C-8 in Annex C to the Proxy Statement, dated February 21, 2013, in relation to going concern; and
- the parts of the Corporate Governance Report in Annex C to the Proxy Statement, dated February 21, 2013, relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.



John Waters (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
February 21, 2013

The maintenance and integrity of the Carnival plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.



CARNIVAL PLC

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