CARNIVAL
PLC

Carnival plc
Financial Statements
Year ended November 30, 2006

Registered number: 4039524

The Annual Report of Carnival plc comprises the standalone Carnival plc consolidated IFRS financial statements and the Carnival plc company UK GAAP financial statements contained herein, together with the Carnival Corporation & plc 2006 Annual Report and the Proxy Statement.

The standalone Carnival plc consolidated IFRS financial statements are required to satisfy reporting requirements of the Companies Act 1985, and do not include the results of Carnival Corporation. However the directors consider that within the DLC structure the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. GAAP financial statements of Carnival Corporation & plc, which are included within the Carnival Corporation & plc 2006 Annual Report that accompanies this document.

Carnival plc

Group income statements

	Note	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
Revenues			
Cruise			
Passenger tickets		3,328.6	3,102.5
Onboard and other		694.3	678.3
Land tours and other		352.2	320.2
	2	4,375.1	4,101.0
Costs and expenses			
Operating			
Cruise			
Commissions, transportation and other		704.6	691.2
Onboard and other		173.7	177.6
Payroll and related		385.0	388.1
Fuel		315.3	238.7
Food		204.1	202.7
Other ship operating		606.8	587.0
Other		263.4	226.4
Total		2,652.9	2,511.7
Selling and administrative	3	546.7	580.5
Depreciation and amortisation	11	340.6	335.3
		3,540.2	3,427.5
Operating income		834.9	673.5
Interest income		15.1	11.7
Interest expense, net of capitalised interest		(112.5)	(132.5)
Other income (expense), net		5.4	(4.7)
	4	(92.0)	(125.5)
Income before income taxes		742.9	548.0
Income tax benefit (expense), net	5	1.8	(23.9)
Net income	17	744.7	524.1
Carnival plc standalone earnings per share (in U.S. dollars)			
Basic	7	3.50	2.47
Diluted	7	3.49	2.46

See accompanying notes to the financial statements.

Within the DLC structure the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc, which are included within the Carnival Corporation & plc 2006 Annual Report (see note 1). For information, we set out below the U.S. GAAP consolidated earnings per share included within the Carnival Corporation & plc consolidated financial statements for the twelve months ended November 30, 2006 and 2005 (in U.S. dollars):

DLC Basic earnings per share	2006: 2.85	2005: 2.80
DLC Diluted earnings per share	2006: 2.77	2005: 2.70

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Group statements of recognised income and expense

	Note	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
Foreign exchange translation differences		491.4	(385.2)
Net (loss)/gain on hedge of net investments in foreign operations		(25.6)	7.5
Effective portion of net changes in fair value of cash flow hedges		6.0	8.6
Net actuarial gain/(loss) on defined benefit pension schemes	21	14.6	(10.6)
Net gain/(loss) recognised directly in shareholders' equity		486.4	(379.7)
Net income		744.7	524.1
Total recognised income	17	1,231.1	144.4

See accompanying notes to the financial statements.

Within the DLC structure the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc, which are included within the Carnival Corporation & plc 2006 Annual Report (see note 1).

Carnival plc

Group balance sheets

	Note	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Assets			
Current assets			
Cash and cash equivalents	8	1,049.9	778.0
Trade and other receivables, net	9	210.1	242.8
Inventories	10	103.4	102.5
Prepaid expenses and other		127.7	119.4
Total current assets		1,491.1	1,242.7
Non-current assets			
Property and equipment, net	11	8,095.5	6,901.4
Goodwill	12	747.0	692.4
Other assets	13	125.8	82.6
Total assets		10,459.4	8,919.1
Liabilities and shareholders' equity			
Current liabilities			
Short-term debt	14	412.5	1,269.9
Amounts owed to Carnival Corporation		209.8	297.1
Accounts payable		175.9	230.4
Accrued liabilities and other		372.2	374.5
Customer deposits		718.0	621.7
Total current liabilities		1,888.4	2,793.6
Non-current liabilities			
Long-term debt	14	2,876.3	1,516.5
Other long-term liabilities	15	219.9	179.2
		4,984.6	4,489.3
Shareholders' equity			
Ordinary shares	16	353.7	352.9
Share premium	17	91.9	75.6
Retained earnings	17	3,448.8	2,892.7
Other reserves	17	1,580.4	1,108.6
Total shareholders' equity		5,474.8	4,429.8
		10,459.4	8,919.1

See accompanying notes to the financial statements.

Approved by the board of directors on February 20, 2007 and signed on its behalf by:
Micky Arison
Howard S. Frank

Within the DLC structure the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc, which are included within the Carnival Corporation & plc 2006 Annual Report (see note 1).

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Group statements of cash flow

	Note	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
Cash flows from operating activities			
Cash generated from operations before interest and taxes	18	1,276.8	1,177.9
Interest paid, net		(120.5)	(122.0)
Income taxes paid, net		(13.6)	(14.9)
Net cash from operating activities		1,142.7	1,041.0
Cash flows from investing activities			
Additions to property and equipment		(904.5)	(738.4)
Proceeds from sale of property and equipment		48.7	14.8
Investment in subsidiaries		—	1.6
Net cash used in investing activities		(855.8)	(722.0)
Cash flows from financing activities			
Movement on loans with Carnival Corporation		134.2	98.7
Loan drawdowns		2,387.9	1,721.9
Loan repayments		(2,408.2)	(1,391.6)
Dividends paid to shareholders		(211.4)	(148.5)
Issue of ordinary share capital		17.1	11.6
Net (used in)/provided by financing activities		(80.4)	292.1
Effects of exchange rate changes		73.2	(15.4)
Net increase in cash and cash equivalents		279.7	595.7
Cash and cash equivalents at the beginning of the year		770.2	174.5
Cash and cash equivalents at the end of the year	8	1,049.9	770.2

See accompanying notes to the financial statements.

Within the DLC structure the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc, which are included within the Carnival Corporation & plc 2006 Annual Report (see note 1).

Notes to the consolidated financial statements

1. 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 (collectively the "Group").

Basis of preparation of financial statements

The Carnival plc consolidated IFRS financial statements are presented in U.S. dollars, the Group's presentation currency, rounded to the nearest 0.1 million. They are prepared on the historical cost basis except for derivative financial instruments which are stated at fair value.

These 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 1985 applicable to companies reporting under IFRS.

The Carnival plc consolidated IFRS financial statements are the Group's first audited consolidated financial statements prepared under IFRS, with a transition date of December 1, 2004. Consequently, the comparative figures for 2005 and the Group's balance sheet as at December 1, 2004 have been restated to comply with IFRS. IFRS 1 on first time adoption allows certain exemptions from retrospective application of IFRS in the opening balance sheet for 2004. Where these have been used, they are explained in the accounting policies below and in note 26. In addition to the changes as a result of adopting IFRS, the Group changed its accounting policy on dry-docking costs and made some changes to comparative amounts following the implementation of a new global financial system; further details of these adjustments are also provided in note 26.

The Carnival plc consolidated IFRS financial statements include the results of the Company and all its subsidiaries and incorporate the Group's interest in its associates under the equity method of accounting.

Carnival Corporation and Carnival plc operate a dual listed company ("DLC"), 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 memorandum of association and articles of association. Although the two companies have retained their separate legal identities, they operate as if they were a single economic enterprise. Each company's shares continue to be publicly traded; on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc American Depository Shares are traded on the NYSE. The contracts governing the DLC structure provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards and senior executive management of both companies are identical. Under the contracts governing the DLC the Carnival Corporation & plc consolidated earnings accrue equally to each unit of Carnival Corporation stock and each Carnival plc share. Further details relating to the DLC are included in note 3 of the Carnival Corporation & plc consolidated 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 formed by Carnival Corporation and Carnival plc, consolidated financial statements and management commentary of Carnival Corporation & plc have been included in the Carnival Corporation & plc 2006 Annual Report. The consolidated Carnival Corporation & plc financial statements have been prepared under purchase accounting principles whereby the DLC transaction has been accounted for as an acquisition of Carnival plc by Carnival Corporation. These consolidated Carnival Corporation & plc financial statements have been prepared under U.S. GAAP on the basis that all significant financial and operating decisions affecting the DLC companies are taken on the basis of U.S. GAAP information and consequences.

The standalone Carnival plc consolidated IFRS financial statements, including the Carnival Corporation & plc U.S. GAAP statements on pages 5 to 29 of the Carnival Corporation & plc 2006 Annual Report, and the Carnival plc company UK GAAP financial statements are required to satisfy reporting requirements of the Companies Act 1985. However, the directors consider that within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. GAAP financial statements of Carnival Corporation & plc.

Goodwill

Goodwill arising on acquisitions is capitalised and is considered to have an indefinite life subject to annual impairment reviews or whenever indicators of impairment are detected. Goodwill represents the excess of the cost of acquisition of a subsidiary over the Group's share of the fair value of identifiable net assets acquired. Goodwill is stated at cost less accumulated impairment losses.

Property and equipment

Ships are stated at cost less accumulated depreciation. Subsequent ship improvement costs that we believe add value to our ships are capitalised as additions to the ships, while costs of repairs and maintenance and minor replacement costs are charged to expense as incurred.

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

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

Depreciation is calculated to write off the cost to estimated residual value on a straight line basis over the expected useful life of the asset concerned as follows:

Cruise ships	30 years
Freehold buildings	20–35 years
Other fixed assets	2–20 years

Owned land and ships under construction are not depreciated.

Impairment of property and equipment

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable based on estimated future cash flows. Provision for impairment in value of the property and equipment is made in the Group income statement.

Dry-dock costs

Dry-dock costs primarily represent planned major maintenance activities which are immediately written off to profit and loss. Capital expenditures incurred during a dry-dock are capitalised as ship improvements on a component basis and depreciated over their estimated useful lives, with the estimated net book value of assets being replaced written off. This is a change to the previous policy under which certain dry-dock costs were deferred; further details of the effect of this change in accounting policy are given in note 26.

Grants

Government grants received towards the cost of property and equipment are deducted from the carrying amount of the asset to which they relate and credited to the Group income statement over the expected useful life of the related asset.

Inventories

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flow.

Revenue and expense recognition

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

Leases

Rentals under operating leases are charged to the Group income statement on a straight line basis over the life of the lease.

Selling expenses

Marketing and promotion costs are expensed as incurred, except for brochures and media production costs, which are recorded as prepaid expenses and charged to the Group income statement as brochures are consumed or upon the first airing of the advertisement.

Employee benefits:

Pensions

The Group operates both defined benefit and defined contribution schemes. The net deficit or surplus for each defined benefit pension scheme 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 equivalent that have maturity dates approximating to the terms of the Group's obligations.

Actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan are recognised in the period in which they arise directly in the statement of recognised income and expenses.

The operating and financing costs of defined benefit pension plans are recognised in the income statement; 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 income statements.

Contributions, including lump sum payments, in respect of defined contribution pension schemes are charged to the income statements as they fall due.

The Group has applied the transition exemption permitted by IFRS 1 which allows all cumulative actuarial gains and losses relating to pensions and other post retirement benefits to be recognised in full in equity at the transition date.

Share-based payments

The Group operates two employee share plans: the Carnival plc Deferred Bonus and Co-Investment Matching Plan and the Carnival plc 2005 Employee Share Plan. The fair value of share options granted to employees is calculated at the grant date using the Black-Scholes valuation model. The resulting cost is charged to the Group income statement over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect changes in expected and actual levels of options vesting.

The fair values of restricted share awards and matching share awards under the plans are measured by reference to the Carnival plc share price. The fair value is measured at grant date and, in accordance with IFRS 2, the resulting cost is charged to the Group income statement over the period during which the employees become unconditionally entitled to the shares. The amount recognised as an expense is adjusted to reflect changes in expected and actual levels of shares vesting.

The Group has applied the transition exemption permitted under IFRS 1, which allows for the exclusion from expensing certain share-based payments, for example those relating to employee share options granted either before November 7, 2002 or which vested before January 1, 2005.

Dividends

Dividend distributions are recognised in the period in which the dividends are declared as under the DLC arrangements the declaration of a dividend, by the Boards of Carnival Corporation and Carnival plc, crystallises a liability for Carnival plc.

Foreign currencies

The presentation currency of the Group is the U.S. dollar. The Group's businesses generate earnings in a number of different currencies, principally Euros, pounds Sterling and U.S. dollars. Each business determines its functional currency by reference to the relevant economic environment. Transactions in currencies other than a business' functional currency are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rates. Profits and losses of subsidiaries and branches which have functional currencies other than U.S. dollars are translated into U.S. dollars at average rates of exchange.

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

The Group has applied the transition exemption permitted by IFRS 1 which allows the cumulative translation differences arising on consolidation of subsidiaries prior to the transition date, December 1, 2004, to be disregarded and set to nil.

Derivatives and other financial instruments

The Group uses foreign currency swaps, non-derivative financial instruments and interest rate swaps to manage its exposure to certain foreign currency exchange rate and interest rate risks, such as to hedge certain major capital expenditures or lease commitments of the Group in currencies other than the functional currency. Derivative financial instruments are accounted for at fair value. Subject to specific criteria, derivative financial instruments, financial assets and financial liabilities may be designated as forming hedge relationships, as a result of which, changes in fair value are offset in the income statement or recognised directly in the statement of recognised income and expense, 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. Fluctuations in value of fair value hedge derivatives are offset against the changes in the value of the underlying hedged items, principally contracted ship capital commitments. Fluctuations in value of cash flow hedge derivatives are taken to the statement of recognised income and expense until the underlying hedged item is recognised in earnings. Changes in value of hedges of a net investment are recognised in the statement of recognised income and expense, offsetting the change in the translated value of the hedged net investment. 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.

Taxation

Deferred tax is provided using the liability method. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is 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. Income tax is provided for using current rates.

Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed 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.

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 management discussion and analysis section of the Carnival Corporation & plc 2006 Annual Report.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's future accounting periods but which the Group has not early adopted. These are set out below:
Amendment to IAS 39 "The Fair Value Option"
Amendments to IAS 39 and IFRS 4 "Financial Guarantee Contracts"
Amendment to IAS 1 "Presentation of Financial Statements—Capital Disclosures"
IFRS 7 "Financial Instruments: Disclosure"
IFRIC 4 "Determining whether an Arrangement contains a Lease"
IFRIC 8 "Scope of IFRS 2"
IFRIC 9 "Reassessment of Embedded Derivatives"
IFRIC 11 "IFRS 2—Group and Treasury Share Transactions"
IFRIC 12 "Service Concession Arrangements"

The Group has considered the above standards, interpretations and amendments and concluded that they are either not relevant to the Group or that they would not have a significant impact on the Group's financial statements.

2. Segmental analysis

Segment information is presented in respect of the Group's business and geographical segments. Based on the risks and returns of the Group's products and services the directors consider that the primary reporting format is by business segment and the secondary reporting format is geographical. The two business segments consist of our cruise vacation operations, which comprise AIDA Cruises, Costa Cruises, Cunard Line, Ocean Village, P&O Cruises, P&O Cruises (Australia), Swan Hellenic and the land tour operations in Alaska and the Canadian Yukon. The cruise segment includes all of the cruise brands, which are aggregated as a single reportable segment based on the similarity of their economic and other characteristics, including products and services they provide.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

By primary segment:	**Cruise**		**Land tours and other**		**Total**	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	U.S.$m	**U.S.$m**	**U.S.$m**	**U.S.$m**	**U.S.$m**	**U.S.$m**
External revenues	4,022.9	3,780.8	352.2	320.2	4,375.1	4,101.0
Segment result	819.9	655.9	21.0	25.5	840.9	681.4
Unallocated					(6.0)	(7.9)
					834.9	673.5
Interest income					15.1	11.7
Interest expense, net of capitalised interest					(112.5)	(132.5)
Other income (expense), net					5.4	(4.7)
Income before income taxes					742.9	548.0
Income tax benefit (expense), net					1.8	(23.9)
Net income					744.7	524.1
Segment assets	8,846.3	7,595.5	494.9	478.4	9,341.2	8,073.9
Unallocated assets					24.8	40.1
Cash					1,049.9	778.0
Tax assets					43.5	27.1
Total assets					10,459.4	8,919.1
Segment liabilities	1,175.6	1,102.8	124.9	105.6	1,300.5	1,208.4
Unallocated liabilities					112.5	99.9
Amounts owed to Carnival Corporation					209.8	297.1
Group debt					3,288.8	2,786.4
Tax liabilities					73.0	97.5
Total liabilities					4,984.6	4,489.3

	Cruise		**Land tours and other**		**Total**	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	U.S.$m	**U.S.$m**	**U.S.$m**	**U.S.$m**	**U.S.$m**	**U.S.$m**
Other segmental items:						
Capital expenditures	823.3	654.4	81.2	84.0	904.5	738.4
Depreciation and amortisation	315.4	304.0	25.2	31.3	340.6	335.3

Notes to the consolidated financial statements—*(continued)*

The geographical segmental information presented below reflects the different regions from which the Group sources its guests. Typically our cruise brands make their sales to customers in a single geographic region; Europe, Australia, Asia or North America. The Group's Cunard brand operates in Europe, the U.S. and Australia. The land tour operations primarily make sales to customers in North America.

By secondary segment:	North America		Europe, Australia and Asia		Total	
	2006 U.S.$m	2005 U.S.$m	2006 U.S.$m	2005 U.S.$m	2006 U.S.$m	2005 U.S.$m
External revenues	730.0	693.5	3,645.1	3,407.5	4,375.1	4,101.0
Inter-segment sales	10.7	8.0	(10.7)	(8.0)	—	—
Revenues	740.7	701.5	3,634.4	3,399.5	4,375.1	4,101.0

The principal assets of the Group are its ships which move between geographic regions; it is therefore not meaningful to allocate the assets and capital expenditures to particular regions.

3. Operating income is stated after (charging)/crediting

	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
Operating lease costs:		
—ships	(83.9)	(45.5)
—property	(14.8)	(13.3)
—other	(4.1)	(4.4)
Auditors' remuneration:		
Fees payable to company's auditor for the audit of the parent company and consolidated financial statements	(0.8)	(0.5)
Fees payable to the company's auditor and its associates for:		
—the audit of company's subsidiaries pursuant to legislation	(0.7)	(1.0)
—other services pursuant to legislation	(0.4)	(0.2)
—tax services	—	(0.2)
Total fees paid to the auditors and their associates	(1.9)	(1.9)

Selling and administrative costs include advertising and promotion costs of $202.8m (2005 $197.6m) and payroll and related expenses of $220.7m (2005 $193.4m).

4. Finance and other non-operating costs

	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
Interest income	15.1	11.7
Interest expense	(126.5)	(140.1)
Capitalised interest	14.0	7.6
	(112.5)	(132.5)
Other income (expense), net	5.4	(4.7)
	(92.0)	(125.5)

Capitalised interest relates to property and equipment under construction. The capitalisation rate is based on the weighted average of interest rates applicable to the Group's borrowings (excluding loans for specific purposes) during each period. The aggregate interest capitalised by the Group through November 30, 2006 was $110.4m (2005 $99.7m), substantially all of which relates to ships.

5. Taxation

	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
The taxation charge is made up as follows:		
Current taxation:		
UK Corporation tax	(0.5)	(0.3)
Overseas taxation	(8.3)	(21.6)
Total current tax	(8.8)	(21.9)
UK deferred taxation	(0.1)	—
Overseas deferred taxation	10.7	(2.0)
	10.6	(2.0)
Total UK tax	(0.6)	(0.3)
Total overseas tax	2.4	(23.6)
Income tax benefit (expense), net	1.8	(23.9)

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

	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
Income before income taxes	742.9	548.0
Notional tax charge at UK standard rate (2006 and 2005 30.0%)	(222.9)	(164.4)
Effect of overseas taxes at different rates	139.9	83.4
Effect of UK tonnage tax and other permanent differences	84.8	57.1
	1.8	(23.9)

There was no charge or credit in respect of profits and losses on sale of ships and other fixed assets. The effective tax rate for the Group is expected to remain low due to the entry into the UK tonnage tax regime in 2001 and the Italian tonnage tax regime in 2005. The U.S. tour operations are taxed at the applicable U.S. federal and state corporate tax rates, approximately 37%.

6. Dividends

	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
First interim paid $0.25 per share (2005 $0.15)	53.1	31.8
Second interim paid $0.25 per share (2005 $0.20)	53.2	42.6
Third interim paid $0.25 per share (2005 $0.20)	53.2	42.3
Fourth interim declared at $0.275 per share (2005 $0.25)	58.6	53.1
	218.1	169.8

7. Earnings per ordinary share

	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
Carnival plc basic and diluted earnings	744.7	524.1
Weighted average number of shares (millions)		
Basic	212.7	212.2
Dilutive shares	0.5	0.8
Diluted number of shares	213.2	213.0
Carnival plc standalone basic earnings per share (in U.S. dollars)	3.50	2.47
Carnival plc standalone diluted earnings per share (in U.S. dollars)	3.49	2.46

As described in note 1 Carnival Corporation and Carnival plc implemented a DLC structure on April 17, 2003. Under the contracts governing the DLC the Carnival Corporation & plc consolidated earnings accrue equally to each unit of Carnival Corporation stock and each Carnival plc share. For this reason the U.S. GAAP earnings per share are provided for information on page 1.

The weighted average number of shares has been reduced for shares in the Company held by the Company's employee benefit trust for the satisfaction of incentive scheme awards that have not vested unconditionally.

The dilutive shares relate to ordinary shares to be issued on the exercise of employee share options and restricted share units.

8. Cash and cash equivalents

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Cash on ships	31.4	29.7
Bank balances	1,018.5	748.3
Balance sheet cash and cash equivalents	1,049.9	778.0
Bank overdrafts	—	(7.8)
Statements of cash flow cash and cash equivalents	1,049.9	770.2

For the purposes of the statements of cash flow, bank overdrafts are deducted from the cash and cash equivalents balance.

9. Trade and other receivables, net

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Trade receivables, net	155.1	196.2
Income taxes receivable	2.9	3.2
Other receivables	52.1	43.4
	210.1	242.8

Trade receivables are net of allowances for potential bad debts totaling $15.3m (2005 $13.4m).

10. Inventories

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Consumables and other provisions	70.6	69.1
Goods held for resale	32.8	33.4
	103.4	102.5

11. Property and equipment

	Ships U.S.$m	Leased ships U.S.$m	Land and buildings U.S.$m	Equipment and motor vehicles U.S.$m	Total U.S.$m
Cost					
Cost at December 1, 2004	8,507.1	130.7	416.7	406.4	9,460.9
Exchange movements	(769.6)	—	(5.6)	(12.6)	(787.8)
Additions	631.5	—	48.7	63.4	743.6
Transfer to other assets	—	—	(10.9)	—	(10.9)
Disposals	(431.0)	(130.7)	(26.0)	(19.0)	(606.7)
Cost at November 30, 2005	7,938.0	—	422.9	438.2	8,799.1
Exchange movements	846.4	—	6.0	20.1	872.5
Additions	784.4	—	60.3	73.8	918.5
Disposals	(314.5)	—	(3.8)	(55.5)	(373.8)
Cost at November 30, 2006	9,254.3	—	485.4	476.6	10,216.3
Accumulated depreciation					
Accumulated depreciation at December 1, 2004	(1,538.3)	(8.4)	(69.7)	(208.5)	(1,824.9)
Exchange movements	141.5	—	0.9	5.8	148.2
Charge for year	(271.0)	(0.6)	(15.9)	(47.8)	(335.3)
Impairment provision	(19.4)	—	—	—	(19.4)
Disposals	94.5	9.0	13.3	16.9	133.7
Accumulated depreciation at November 30, 2005	(1,592.7)	—	(71.4)	(233.6)	(1,897.7)
Exchange movements	(178.0)	—	(1.2)	(12.7)	(191.9)
Charge for year	(280.7)	—	(14.9)	(45.0)	(340.6)
Disposals	266.6	—	1.7	41.1	309.4
Accumulated depreciation at November 30, 2006	(1,784.8)	—	(85.8)	(250.2)	(2,120.8)
Net book value					
At November 30, 2006	7,469.5	—	399.6	226.4	8,095.5
At November 30, 2005	6,345.3	—	351.5	204.6	6,901.4

Ships under construction included in the above totalled $404.9m (2005 $230.8m). The book value of ship assets is after deducting construction grants of $186.0m (2005 $178.0m). The book value of owned land is $28.9m (2005 $26.9m), which is not depreciated.

12. Goodwill

	Goodwill U.S.$m
Net book value	
At December 1, 2004	746.4
Exchange movements	(60.4)
Additions	6.4
At November 30, 2005	692.4
Exchange movements	54.6
At November 30, 2006	747.0

Substantially all goodwill relates to the Group's investments in the Costa, $523.8m (2005 $470.1m), and Cunard businesses, $214.3m (2005 $214.3m). Goodwill is tested for impairment annually or whenever indicators of impairment are detected, by comparing the recoverable amount of each of the businesses, determined based on value-in-use calculations, to the carrying value of its goodwill. In assessing value-in-use the Group uses brand specific earnings multiples as a proxy for projected cash flows discounted at the Group's estimated weighted average cost of capital. Each brand's earnings multiple takes into account the brand's capital structure and the geographic region in which they operate.

13. Other assets

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Prepaid expenses	17.9	11.1
Income taxes receivable	30.6	23.9
Deferred tax assets (note 15)	10.0	—
Derivative contracts receivable (note 25)	18.6	10.4
Other receivables and recoverables	48.7	37.2
	125.8	82.6

14. Short and long-term debt

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Amounts falling due within one year:		
Euro notes (bearing fixed interest at 5.6%)	—	369.0
Sterling bond 2012 (bearing fixed interest at 7.1%)	11.6	10.3
Term loans: secured	53.0	47.5
unsecured	347.9	843.1
Short-term debt	412.5	1,269.9
Sterling bond 2012 (bearing fixed interest at 7.1%)	387.5	342.9
Euro bond 2013 (bearing fixed interest at 4.4%)	983.2	—
Term loans: secured	116.8	152.0
unsecured	1,388.8	1,021.6
Long-term debt	2,876.3	1,516.5
Total debt	3,288.8	2,786.4

Amounts falling due within one year include the element of finance cost accrued at the year end. Secured loans are secured on ships. Total debt includes $1,092.0m (2005 $1,064.8m) of variable interest rate liabilities. Variable rate interest on term loans is based on LIBOR or foreign equivalents. Further detail relating to the Group's policy on managing currency and interest rate risks is provided in note 25 and additional information related to debt is provided in note 5 to the Carnival Corporation & plc 2006 Annual Report.

The maturity of total debt is as follows:

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Within one year	412.5	1,269.9
Between one and two years	97.5	73.6
Between two and five years	1,055.9	878.3
Between five and ten years	1,580.2	507.9
Over ten years	142.7	56.7
	3,288.8	2,786.4

Total debt is denominated in the following currencies, excluding the effect of foreign currency swaps:

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
U.S. dollars	866.6	451.6
Sterling	723.6	641.3
Euros	1,698.6	1,693.5
	3,288.8	2,786.4

The fair value of the total short and long-term debt is $3,276.5m (2005 $2,802.9m). Market values have been used to determine the fair value of short and long-term debt. Where market values are not available, fair values have been calculated by discounting cash flows at prevailing interest and exchange rates.

15. Other long-term liabilities

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Deferred tax	35.5	35.1
Post employment benefits (note 21)	78.1	100.0
Derivative contracts (note 25)	48.4	18.9
Other liabilities	57.9	25.2
	219.9	179.2

Deferred tax principally arises on accelerated capital allowances in the U.S. land tour operations. Deferred tax assets relate to net operating losses expected to be recovered against future trading profits.

16. Called up share capital

The authorised ordinary share capital at November 30, 2006 and 2005 comprised of 225,903,614 ordinary shares of $1.66 each.

The allotted, called up and fully paid ordinary share capital is as follows:

	No. of Shares	U.S.$m
At December 1, 2004	212,193,824	352.2
Shares issued	401,462	0.7
At November 30, 2005	212,595,286	352.9
Shares issued	472,975	0.8
Issue to employee stock purchase plan	10,799	—
At November 30, 2006	213,079,060	353.7

During 2006 the Company issued 472,975 (2005 401,462) ordinary shares of $1.66 each following the exercise of share options for total consideration of $17.1m (2005 $11.6m) and issued 10,799 shares to the employee stock purchase plan.

In connection with the formation of the DLC the Company authorised 100,000 and allotted 50,000 £1.00 redeemable preference shares, which were not issued, and one special voting share of £1.00. The 50,000 redeemable preference shares allotted are entitled to a cumulative fixed dividend of 8% per annum. The preference shares rank behind other classes of shares in relation to the payment of capital on certain types of distribution of the Company.

Details of options over ordinary shares granted to employees and other restricted share awards to senior managers are given in note 20.

17. Capital and reserves

	Share capital U.S.$m	Share premium U.S.$m	Translation reserves U.S.$m	Hedging reserve U.S.$m	Merger reserve U.S.$m	Retained earnings U.S.$m	Total shareholders' equity U.S.$m
At December 1, 2004	352.2	64.7	—	(25.5)	1,503.2	2,539.0	4,433.6
Total recognised income (expense)	—	—	(385.2)	16.1	—	513.5	144.4
Dividends	—	—	—	—	—	(169.8)	(169.8)
Issue of shares	0.7	10.9	—	—	—	—	11.6
Share-based payments	—	—	—	—	—	10.0	10.0
At November 30, 2005	352.9	75.6	(385.2)	(9.4)	1,503.2	2,892.7	4,429.8
Total recognised income (expense)	—	—	491.4	(19.6)	—	759.3	1,231.1
Dividends	—	—	—	—	—	(218.1)	(218.1)
Issue of shares	0.8	16.3	—	—	—	—	17.1
Share-based payments	—	—	—	—	—	14.9	14.9
At November 30, 2006	353.7	91.9	106.2	(29.0)	1,503.2	3,448.8	5,474.8

Total recognised income (expense) allocated to retained earnings comprises net income attributable to shareholders of $744.7m (2005 $524.1m) and the net actuarial gain in the year on defined benefit pension schemes of $14.6m (2005 loss $10.6m).

During the year ended November 30, 2004 Carnival Corporation & plc completed a corporate restructuring involving the transfer within the DLC group of subsidiary companies below Carnival Corporation and Carnival plc. These transactions were undertaken primarily to facilitate business integration and the flow of funds between affiliated companies. Due to the nature of the DLC structure, this series of transactions was accounted for as a group reconstruction in accordance with Financial Reporting Standard 6 ("FRS 6"), using merger accounting principles to reflect the combination of Carnival plc with the merged businesses. The directors consider that within the DLC structure the use of merger accounting for the restructuring was required to give a true and fair presentation of the transfer of businesses from Carnival Corporation. This represents a departure from the provision of the Companies Act 1985 which sets out the conditions for merger accounting based on the assumption that a merger is effected through the issue of equity shares. The main consequence of adopting merger rather than acquisition accounting was that the balance sheet of the Group included the assets and liabilities of the merged businesses at their book values prior to the merger, rather than at their fair values at the date of the merger. Further, as a result of this accounting treatment, the disposal of businesses to Carnival Corporation gave rise to no gain or loss. The difference between the book value and the fair value of the businesses sold to Carnival Corporation (which equates to the value of the consideration received) of approximately $1.47bn is included within the merger reserve. Under the transition provisions within IFRS 3, "Business Combinations", this Group restructuring does not need to be restated and thus the previous application under FRS 6 continues to apply.

As at November 30, 2006 the Carnival plc Employee Benefit Trust held 127,392 shares in Carnival plc (2005 175,538 shares), with an aggregate nominal value of $0.3m (2005 $0.3m). At November 30, 2006 the market value of these shares was $6.2m (2005 $9.8m). If they had been sold at this value there would have been no tax liability (2005 nil) on the capital gain arising from the sale. The costs of funding and administering the scheme are charged to the Group income statement in the period to which they relate.

18. Notes to the Group statements of cash flow

Reconciliation of profit from operations to cash flows from operating activities:

	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
Operating income	834.9	673.5
Adjustments for:		
Depreciation and amortisation	340.6	335.3
Loss on disposal of property and equipment	15.7	17.0
Provision in anticipation of disposal	—	19.4
Share-based payments	14.9	10.0
Operating cash flows before movement in working capital	1,206.1	1,055.2
Decrease/(increase) in inventories	6.2	(2.5)
Decrease/(increase) in receivables	28.4	(45.6)
Increase in payables, accrued liabilities and customer deposits	36.1	170.8
Net cash inflow from operating activities	1,276.8	1,177.9

19. Key management

The aggregate compensation of the Group's key management was:

	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
The aggregate payroll costs were:		
Fees	0.8	0.9
Salaries and benefits	6.9	6.4
Performance related bonuses	8.4	9.2
Short-term employment benefits	16.1	16.5
Post employment benefit costs	9.0	8.6
Equity settled share-based payments	16.2	16.8
	41.3	41.9

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 shown above includes amounts paid by both Carnival Corporation and Carnival plc. Post employment benefit costs represent the increase in transfer value, net of directors' contributions, during the year.

Further details on directors' remuneration, including share options, restricted share awards, restricted share units, long-term incentive plans and pension entitlements, are set out in Parts I and II of the Directors' Remuneration Report in the Proxy Statement. During the year one director made gains of $1.2m on the exercise of options over Carnival plc shares (2005 nil).

20. Employees

	Twelve months to Nov. 30, 2006	Twelve months to Nov. 30, 2005
The average number of employees was as follows:		
Shore staff	7,672	7,225
Sea staff	18,959	18,009
	26,631	25,234

	Twelve months to Nov. 30, 2006 U.S.$m	Twelve months to Nov. 30, 2005 U.S.$m
The aggregate payroll costs were:		
Wages and salaries	544.2	522.1
Social security costs	31.7	31.5
Pension costs	24.7	17.9
Share-based payment expense	16.5	10.0
	617.1	581.5

Share-based payment expense above includes $1.6m recharged by Carnival Corporation in respect of options granted over Carnival Corporation stock to certain U.S. based Carnival plc Group employees.

Share-based payments

Share options over Carnival plc shares, granted under the Carnival plc 2005 Employee Share Plan, typically vest three years after the date of the grant, provided the employee remains employed in the Group, and have maximum terms of up to 7 years for options granted after October 2005. The number and weighted average exercise price of options during the year were as follows:

	2006		2005	
	Number of options	Weighted-average exercise price U.S.$	Number of options	Weighted-average exercise price U.S.$
Options outstanding at December 1	3,236,385	41.67	3,283,367	38.42
Options granted during the year	592,727	59.39	471,352	53.86
Options exercised during the year	(472,975)	28.02	(401,462)	29.93
Options lapsed	(71,737)	43.53	(116,872)	39.93
Options outstanding at November 30	3,284,400	46.77	3,236,385	41.67
Options exercisable at November 30	739,509	25.83	422,659	21.75

The average remaining life of outstanding options at November 30, 2006 was 7.4 years (2005 7.9 years). Options were exercised regularly during the year. The average market share price during the year was $48.19 (2005 $53.94).

The fair value of grants under the share option plan is calculated using the Black-Scholes valuation model. The following table gives the assumptions applied to the options granted during the year. Expectations of early exercise are incorporated into the model.

	2006	2005
Weighted-average fair value of options granted in the year	$12.65	$15.03
Risk-free interest rate	4.2%	4.7%
Expected dividend yield	2.2%	1.7%
Expected volatility (based on implied and historical volatilities)	26.5%	27.0%
Expected option life (in years)	4.75	4.83

In addition to the share options noted above the Group awarded 70,004 restricted share awards to certain officers and senior managers. Of these awards 60,004 vest unconditionally after three years and 10,000 vest unconditionally after five years and they are all equity settled. The Group also operates the Carnival plc Deferred Bonus and Co-Investment Matching Plan, under which certain senior managers are able to invest a percentage of any annual bonus in Carnival plc shares, with a view to receiving a matching award if certain predetermined performance targets are achieved. The compensation expense related to these share awards is calculated by reference to the Carnival plc share price on the date of grant and expensed to the income statement over the vesting period.

21. Post employment benefits

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Funded employee benefit plans	36.8	64.8
Other post employment benefits	41.3	35.2
	78.1	100.0

Funded employee benefit plans

Carnival plc is a contributing employer to various pension schemes, including some multi-employer merchant navy industry schemes. The defined benefit schemes are formally valued triennially by independent qualified actuaries.

The Company is no longer able to identify the Group's share of the underlying assets and liabilities of the Merchant Navy Ratings Pension Fund ("MNRPF") on a consistent and reasonable basis. Therefore from November 30, 2006, the scheme is being accounted for as a defined contribution scheme. Prior to that, it was included as a funded defined benefit multi-employer scheme.

In the UK, P&O Cruises operates its own funded defined benefit pension scheme ("UK Scheme"), the assets of which are managed on behalf of the trustee by independent fund managers. This scheme is closed to new membership which may result in higher service costs as the members of the scheme approach retirement.

The Merchant Navy Officers Pension Fund ("MNOPF") is a funded defined benefit multi-employer scheme in which British officers employed by companies within the Carnival plc group have participated and continue to participate. This scheme is closed to new membership.

The pension liabilities for accounting purposes of the UK Scheme and Carnival plc's share of the MNOPF were estimated at November 30, 2006 and November 30, 2005 by Carnival plc's qualified independent actuary. The principal assumptions made by the actuary were as follows:

	UK Scheme		MNOPF		MNRPF
	2006	2005	2006	2005	2005
Discount rates	4.90	4.80	4.90	4.80	4.80
Expected rates of salary increases	4.30	4.20	4.30	4.20	4.20
Pension increases:					
—deferment	2.80	2.70	2.80	2.70	2.70
—payment	2.80	2.70	2.80	2.70	2.70
Inflation	2.80	2.70	2.80	2.70	2.70
Expected rates of return on scheme assets	5.52	5.60	6.87	7.10	5.70

The amounts recognised in the balance sheets are determined as follows:

	2006 U.S.$m	2005 U.S.$m
Present value of funded obligations	257.2	322.1
Fair value of plan assets	(220.4)	(257.3)
Net liability recognised in the balance sheets	36.8	64.8

Notes to the consolidated financial statements—*(continued)*

The amounts recognised in the income statements are as follows:

	2006 U.S.$m	2005 U.S.$m
Current service cost	7.4	6.4
Interest cost	17.0	15.7
Expected return on plan assets	(16.5)	(14.1)
Gain due to settlements/curtailments	(0.9)	—
Total included within payroll costs (note 20)	7.0	8.0

Analysis of the movement in the balance sheet liability:

	2006 U.S.$m	2005 U.S.$m
Net liability at December 1	64.8	64.5
Exchange movements	7.9	(6.5)
Expense as above	7.0	8.0
Amounts recognised in the statement of recognised income and expense	(14.6)	10.6
Contributions paid	(11.1)	(11.8)
Reclassification as defined contribution scheme	(17.2)	—
Net liability at November 30	36.8	64.8

Changes in the present value of defined benefit obligations are as follows:

	2006 U.S.$m	2005 U.S.$m
Present value of obligation at December 1	322.1	315.0
Exchange movements	41.6	(32.1)
Service cost	7.4	6.4
Interest cost	17.0	15.7
Contributions from employees	1.3	1.4
Benefits paid	(10.0)	(7.4)
Actuarial (gain)/loss	(9.5)	23.1
Settlement and/or curtailment	(0.9)	—
Reclassification as defined contribution scheme	(111.8)	—
Present value of obligation at November 30	257.2	322.1

Changes in the fair value of schemes' assets are as follows:

	2006 U.S.$m	2005 U.S.$m
Fair value of schemes' assets at December 1	257.3	250.5
Exchange movements	33.7	(25.6)
Expected return on plan assets	16.5	14.1
Employer contributions	11.1	11.7
Contributions from employees	1.3	1.4
Benefits paid	(10.0)	(7.4)
Experience gain	5.1	12.6
Reclassification as defined contribution scheme	(94.6)	—
Fair value of schemes' assets at November 30	220.4	257.3

Plan assets comprised:

	2006 U.S.$m	2005 U.S.$m
Equities	89.7	104.0
Property	5.5	4.5
Corporate bonds	61.9	112.1
Fixed interest gilts	63.3	36.7
	220.4	257.3

History of experience gains and losses:

	2006 U.S.$m	2005 U.S.$m
Experience (gain)/loss on plan liabilities	(9.5)	23.1
Experience gain on plan assets	5.1	12.6

Other post employment benefits

Other post employment benefits include $18.6m (2005 $16.0m) in respect of an agreement to make annual payments to one of the non-executive directors for 15 years following retirement, further details of this arrangement are included in Part II of the Remuneration Report within Annex B of the Proxy Statement. 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 final salary, if they cease employment with Costa. These payments are not conditional on employees reaching normal retirement age. At November 30, 2006 $16.5m (2005 $13.5m) had been provided by Costa.

22. Related party transactions

Within the DLC structure there are a few instances where Carnival Corporation group companies provide services to the Carnival plc group and also where Carnival plc group companies provide services to the Carnival Corporation group. Costs paid by the Carnival plc group to the Carnival Corporation group during 2006 in respect of cruises sold together with a land tour package by Holland America Tours were $55.2m and costs paid by the Carnival Corporation group to the Carnival plc group in respect of Princess Tours' land tours were $53.7m. These transactions represented the most significant trading relationship between the two groups.

During the year Princess Cruises, a subsidiary of Carnival Corporation, purchased Minerva 2, operated by Swan Hellenic, and chartered it to Carnival plc. Including the Minerva 2 the Group has three ship charter agreements, which can extend over a number of years, with Princess Cruises. The annual charter payments to Princess Cruises during 2006 were $67.5m (2005 two vessels, charter costs $43.5m).

At November 30, 2006 the Carnival plc group owed $209.8m (2005 $297.1m) to the Carnival Corporation group, which was unsecured, non-interest bearing and repayable on demand. In addition, Carnival Investments Limited, a subsidiary of Carnival Corporation, owns 19.9% (2005 19.6%) of the Company's shares and, therefore, receives dividends from the Company.

Within the operational and organisational structure of the Group, 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 Parts I and II of the Remuneration Report and any relevant transactions are given in the "Transactions of Management and Directors" section, both in the Proxy Statement that accompanies this document. The aggregate emoluments of the Group's key management is shown in note 19.

23. Commitments

At November 30, 2006 the Group had contracted capital commitments relating to ship construction contracts amounting to $4.4bn (2005 $3.3bn). Ship capital commitments at November 30, 2006 include contract payments to the shipyards, design and engineering fees, construction oversight costs, various owner supplied items and capitalised interest.

Subsequent to the year end the Group contracted for two new ships with an estimated aggregate cost of $1.3bn, further details of capital commitments is given in note 6 to the Carnival Corporation & plc 2006 Annual Report.

Other aggregate minimum lease commitments at each year end under non-cancellable operating leases are as follows:

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Aggregate expense on leases expiring:		
Within one year	16.7	23.6
Between one and five years	50.6	35.3
After five years	117.3	20.0
	184.6	78.9

In addition to the aggregate operating lease commitments above, at November 30, 2006 the Group had commitments to pay $82m, in aggregate, for usage extending over more than five years, of certain port facilities.

24. Contingent liabilities

As part of the DLC structure, Carnival plc has given a number of guarantees over Carnival Corporation obligations, details of which are given in note 3 of the Carnival Corporation & plc 2006 Annual Report.

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

In the normal course of business, various other claims and lawsuits have been filed or are pending against Carnival plc. Most of these claims and lawsuits are covered by insurance. Carnival plc management believes the outcome of any such lawsuits, which are not covered by insurance, would not have a material adverse effect on Carnival plc's financial statements.

25. Financial instruments

The Group uses financial instruments to finance its operations. The financial instruments used by the Group include cash, overdrafts, bonds and loans, which are recorded initially at fair value which is generally the proceeds received, net of direct issue costs. Subsequently, the liabilities are carried at amortised cost, using the effective interest method. Derivative financial instruments and non-derivative financial instruments are used to manage some of the currency and interest rate risks arising from its operations and its sources of finance. The derivatives used for this purpose are principally foreign currency swaps and interest rate swaps. The non-derivative financial instruments used for hedging purposes are euro and pound sterling borrowings and other obligations designated as hedges of the Group's euro and pound sterling net investments. Additional detail relating to the Group's financial risk management objectives and policies is included in the "Management's Discussion and Analysis" section within the Carnival Corporation & plc 2006 Annual Report. Additional detail relating to the Group's concentration of credit risk is included in note 2 within the Carnival Corporation & plc 2006 Annual Report.

The fair values of derivative financial instruments, which are included within current and long-term assets and liabilities as appropriate, were estimated based on prices quoted by financial institutions for each instrument based on appropriate market rates.

Assets:

	Within 1 year U.S.$m	Between 1–2 years U.S.$m	Between 2–5 years U.S.$m	Over 5 years U.S.$m
Interest rate swaps	0.2	2.1	—	—
Hedged firm commitments	9.8	16.5	—	—
At November 30, 2006	10.0	18.6	—	—
Currency contracts—net investment hedges	—	—	7.5	—
Currency contracts—fair value hedges	—	0.7	—	—
Hedged firm commitments	0.3	—	2.2	—
At November 30, 2005	0.3	0.7	9.7	—

Liabilities:

	Within 1 year U.S.$m	Between 1–2 years U.S.$m	Between 2–5 years U.S.$m	Over 5 years U.S.$m
Interest rate swaps	—	—	—	(13.7)
Currency contracts—net investment hedges	—	—	(18.2)	—
Currency contracts—fair value hedges	(9.8)	(16.5)	—	—
At November 30, 2006	(9.8)	(16.5)	(18.2)	(13.7)
Interest rate swaps	(2.0)	—	(3.5)	(12.5)
Currency contracts—fair value hedges	(0.3)	—	(2.2)	—
Hedged firm commitments	—	(0.7)	—	—
At November 30, 2005	(2.3)	(0.7)	(5.7)	(12.5)

Interest rate swaps are connected to specific bank borrowings that mature through 2012. The hedged firm commitments represent contracted ship capital commitments in currencies that differ to the contracting operations' functional currencies. At November 30, 2006 these comprised euro denominated ship order contracts for the Group's pound sterling operations.

26. International financial reporting standards

These are Carnival plc's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended November 30, 2006, the comparative information presented in these financial statements for the year ended November 30, 2005 and the preparation of an opening IFRS balance sheet at December 1, 2004 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

IFRS restatement of Group income statement
For the twelve months ended November 30, 2005

	Revised format U.S.$m	IFRS adjustments U.S.$m	Change in dry-dock policy U.S.$m	IFRS U.S.$m
Revenues				
Cruise				
Passenger tickets	3,102.5	—	—	3,102.5
Onboard and other	678.3	—	—	678.3
Land tours and other	320.2	—	—	320.2
	4,101.0	—	—	4,101.0
Costs and expenses				
Operating				
Cruise				
Commissions, transportation and other	691.2	—	—	691.2
Onboard and other	177.6	—	—	177.6
Payroll and related	393.0	(4.9)	—	388.1
Fuel	238.7	—	—	238.7
Food	202.7	—	—	202.7
Other ship operating	578.5	—	8.5	587.0
Other	226.4	—	—	226.4
Total	2,508.1	(4.9)	8.5	2,511.7
Selling and administrative	570.5	10.0	—	580.5
Depreciation and amortisation	338.3	(3.0)	—	335.3
	3,416.9	2.1	8.5	3,427.5
Operating income	684.1	(2.1)	(8.5)	673.5
Interest income	11.7	—	—	11.7
Interest expense, net of capitalised interest	(132.7)	0.2	—	(132.5)
Other expense, net	(2.9)	(1.8)	—	(4.7)
	(123.9)	(1.6)	—	(125.5)
Income before income taxes	560.2	(3.7)	(8.5)	548.0
Income tax expense, net	(23.9)	—	—	(23.9)
Net income	536.3	(3.7)	(8.5)	524.1

IFRS restatement of Group balance sheet
December 1, 2004

	Revised format U.S.$m	IFRS adjustments U.S.$m	Change in dry-dock policy U.S.$m	IFRS U.S.$m
Assets				
Current assets				
Cash and cash equivalents	174.5	—	—	174.5
Trade and other receivables, net	258.1	—	—	258.1
Inventories	106.3	—	—	106.3
Prepaid expenses and other	145.3	53.7	(42.2)	156.8
Total current assets	684.2	53.7	(42.2)	695.7
Non-current assets				
Property and equipment, net	7,848.1	(212.1)	—	7,636.0
Goodwill	749.4	(3.0)	—	746.4
Other assets	82.6	—	—	82.6
Total assets	9,364.3	(161.4)	(42.2)	9,160.7
Liabilities and shareholders' equity				
Current liabilities				
Short-term debt	841.4	36.4	—	877.8
Amounts owed to Carnival Corporation	521.6	—	—	521.6
Accounts payable	366.0	—	—	366.0
Accrued liabilities and other	299.1	(0.1)	—	299.0
Customer deposits	524.7	—	—	524.7
Total current liabilities	2,552.8	36.3	—	2,589.1
Non-current liabilities				
Long-term debt	1,994.9	(18.2)	—	1,976.7
Other long-term liabilities and deferred income	300.7	(139.4)	—	161.3
	4,848.4	(121.3)	—	4,727.1
Shareholders' equity				
Ordinary shares	352.2	—	—	352.2
Share premium	64.7	—	—	64.7
Retained earnings	2,604.2	(23.0)	(42.2)	2,539.0
Other reserves	1,494.8	(17.1)	—	1,477.7
Total shareholders' equity	4,515.9	(40.1)	(42.2)	4,433.6
	9,364.3	(161.4)	(42.2)	9,160.7

IFRS restatement of Group balance sheet
November 30, 2005

	Revised format U.S.$m	IFRS adjustments U.S.$m	Change in dry-dock policy U.S.$m	IFRS U.S.$m
Assets				
Current assets				
Cash and cash equivalents	778.0	—	—	778.0
Trade and other receivables, net	242.8	—	—	242.8
Inventories	102.5	—	—	102.5
Prepaid expenses and other	166.4	0.5	(47.5)	119.4
Total current assets	1,289.7	0.5	(47.5)	1,242.7
Non-current assets				
Property and equipment, net	7,079.4	(178.0)	—	6,901.4
Goodwill	692.4	—	—	692.4
Other assets	72.2	10.4	—	82.6
Total assets	9,133.7	(167.1)	(47.5)	8,919.1
Liabilities and shareholders' equity				
Current liabilities				
Short-term debt	1,230.9	39.0	—	1,269.9
Amounts owed to Carnival Corporation	297.1	—	—	297.1
Accounts payable	230.4	—	—	230.4
Accrued liabilities and other	468.5	(94.0)	—	374.5
Customer deposits	621.7	—	—	621.7
Total current liabilities	2,848.6	(55.0)	—	2,793.6
Non-current liabilities				
Long-term debt	1,532.2	(15.7)	—	1,516.5
Other long-term liabilities and deferred income	273.3	(94.1)	—	179.2
	4,654.1	(164.8)	—	4,489.3
Shareholders' equity				
Ordinary shares	352.9	—	—	352.9
Share premium	75.6	—	—	75.6
Retained earnings	2,545.7	397.7	(50.7)	2,892.7
Other reserves	1,505.4	(400.0)	3.2	1,108.6
Total shareholders' equity	4,479.6	(2.3)	(47.5)	4,429.8
	9,133.7	(167.1)	(47.5)	8,919.1

Reclassification of prior year amounts

During 2006 Carnival Corporation & plc adopted a new global chart of accounts in connection with the implementation of a new accounting system. As a result of moving to a common chart of accounts certain prior period amounts have been reclassified to conform to the current period presentation. The principal effect on the previously reported results for the year ended November 30, 2005 was to reduce revenue by $251.2m, reduce operating costs by $250.0m and reduce interest and other costs by $1.2m.

Dry-dock costs

During 2006 Carnival plc amended its accounting policy relating to dry-docking costs, comprising planned major maintenance activities, so as to conform to that of Carnival Corporation. The Group's previous accounting policy was to defer the cost of these activities, performed during dry-dock, and expense them over the estimated period of benefit, generally twelve months or in some instances the period to the next scheduled dry-dock, which can be up to thirty months. These costs incurred during the course of a dry-dock are now immediately written off to profit and loss. Capital expenditures during a dry-dock continue to be capitalised as ship improvements on a component basis and depreciated over their estimated useful lives, with the estimated net book value of assets being replaced written off.

The effect of immediately recognising dry-dock costs is to reduce current assets at November 2005 by $47.5m with a corresponding reduction in shareholders' equity. Net income for the year ended November 30, 2005 was reduced by $8.5m.

IFRS adjustments

Adjustments to net income and shareholders' equity arising from the application of new accounting standards arose as follows:

	Twelve months to Nov. 30, 2005 U.S.$m
Net income:	
IFRS 2: Share-based payment	(10.0)
IAS 19: Employee benefits	4.9
IFRS 3: Business combinations—goodwill amortisation	3.0
IAS 39: Financial instruments	0.2
IAS 21: The effects of changes in foreign exchange rates	(1.8)
	(3.7)

	As at Nov. 30, 2004 U.S.$m	**As at Nov. 30, 2005 U.S.$m**
Shareholders' equity:		
IAS 19: Employee benefits	(64.4)	(64.7)
IFRS 3: Business combinations—goodwill amortisation	(3.0)	—
IAS 10: Events after the balance sheet date—dividends	31.8	53.1
IAS 39: Financial instruments	(4.5)	9.3
	(40.1)	(2.3)

A summary of the differences between previous UK GAAP and IFRS for the principle changes is set out below:

Previously under UK GAAP the cost of employee share options was calculated by reference to their intrinsic value and charged as an expense to the income statement over any performance period. This meant that for share options granted at the prevailing market price, there was no income statement charge. Under IFRS 2, the estimated fair value of all options is calculated at the grant date, and is charged to the income statement over the future service period specified in each option grant. The future service period for Carnival plc options, sometimes referred to as the vesting period, is typically three or five years. The Group has applied IFRS 2 to options granted after November 7, 2002, which were unvested at January 1, 2005.

Under UK GAAP the Group applied the provisions of SSAP 24 “Accounting for pension costs” and provided additional detailed disclosures as required by FRS 17 “Retirement benefits”. The Group is a contributing employer to various pension schemes, including some multi-employer merchant navy industry schemes. Under IFRS, the Group’s opening balance sheet at December 1, 2004 reflects the assets and liabilities of the Group’s defined benefit schemes. This adjustment includes the Group’s estimated share of assets and liabilities as a participating employer of multi-employer schemes. As permitted in the amendment to IAS 19 (December 2004), the Group has elected to recognise all subsequent actuarial gains and losses through the statement of recognised income and expense from the date of transition.

Under previous UK GAAP, dividends were recognised as a deduction to earnings in the period from which they were designated to have been declared. Under IFRS, as a consequence of the agreements to equalise profits between Carnival Corporation and Carnival plc within the DLC structure, dividends declared by the board are accrued at the time of declaration. In the U.S. dividends become a liability of the company on declaration by the Board. Within the DLC arrangements Carnival plc is obliged to make equal dividend payments to its shareholders as for those of Carnival Corporation. Accordingly, a declaration of an interim dividend by the Boards of Carnival Corporation and Carnival plc crystallises a liability for Carnival plc.

Under UK GAAP, apart from a limited number of forward currency contracts, derivative financial instruments were not accounted for in the Group balance sheet. In the case of forward currency contracts entered into in conjunction with specific foreign currency debt, the reported value of the underlying debt would take into account the related currency contracts. Under IFRS all derivative financial instruments are accounted for at fair value. Subject to specific criteria, derivative financial instruments, financial assets and financial liabilities may be designated as forming hedge relationships as a result of which changes in fair value are offset in the income statement or recognised directly in the statement of recognised income and expense, depending on the nature of the hedge relationship.

Under previous UK GAAP grants received in respect of the purchase of ships were required to be included within creditors as deferred income and credited to the profit and loss account over the expected useful life of the asset to which they related. Under IFRS grants in respect of assets can either be included within deferred income or deducted from the carrying amount of the asset. The latter alternative is considered more appropriate for the Group as this is consistent with the treatment under U.S. GAAP.

Report of the independent auditors to the members of Carnival plc

We have audited the Group financial statements of Carnival plc for the year ended November 30, 2006, which comprise the Group income statements, the Group statements of recognised income and expense, the Group balance sheets, the Group statements of cash flow, and the related notes, including the Carnival Corporation & plc consolidated financial statements on pages 5 to 29 of the Carnival Corporation & plc 2006 Annual Report. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Carnival plc for the year ended November 30, 2006 and on the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Group financial statements give a true and fair view and whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Group financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements. The other information comprises only pages 1 to 3 and 32 to 47 of the Carnival Corporation & plc 2006 Annual Report, the Proxy Statement and related Annexes and the parent company financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at November 30, 2006 and of its net income and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the Group financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
20 February 2007

The maintenance and integrity of the publication of the Carnival plc financial statements on the Carnival websites is the responsibility of the Company; 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 jurisdictions.

Carnival plc

Company balance sheet

	Company Note	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m Restated (Note 1)
Fixed assets			
Goodwill	3	215.1	215.1
Tangible assets			
Ships	4	2,821.9	2,660.4
Other fixed assets	5	13.6	14.8
Investments—subsidiaries	6	5,752.8	5,035.0
		8,803.4	7,925.3
Current assets			
Stocks	7	40.0	41.3
Debtors	8	416.3	623.9
Cash at bank and in hand		988.7	219.8
		1,445.0	885.0
Creditors: amounts falling due within one year	9	(3,726.7)	(3,967.4)
Net current liabilities		(2,281.7)	(3,082.4)
Total assets less current liabilities		6,521.7	4,842.9
Creditors: amounts falling due after more than one year	9	(2,906.0)	(1,489.4)
Provisions for liabilities	10	(50.3)	(25.4)
Net pension liabilities	11	(36.8)	(64.8)
		3,528.6	3,263.3
Capital and reserves			
Called up share capital	12	353.7	352.9
Share premium account	12	91.9	75.6
Other reserves	12	35.6	35.6
Profit and loss account	12	3,047.4	2,799.2
Equity shareholders' funds		3,528.6	3,263.3

See accompanying notes to the financial statements.

Approved by the board of directors on February 20, 2007 and signed on its behalf by:
Micky Arison
Howard S. Frank

Notes to the company financial statements

1. 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").

Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, with the exception of financial instruments which are included in the financial statements at fair value, and are prepared in accordance with applicable accounting standards in the United Kingdom and the Companies Act 1985.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account. Under Financial Reporting Standard 1 (Revised 1996), the Company is exempt from the requirement to prepare statements of cash flow as the Consolidated Statements of Cash Flow have been published.

Changes in accounting policies

The Company has adopted the following accounting standards from December 1, 2005:

The Accounting Standards Board (''ASB'') first issued FRS 17 "Retirement benefits" in November 2000, and the Company has applied the transitional arrangements under FRS 17, relating to disclosures, since the year ended December 31, 2001. FRS 17 has been fully adopted by the Company for the first time in the year ended November 30, 2006. Under full application, the Company's net obligation in respect of defined benefit pension plans has been reflected as a liability on its balance sheet. Actuarial gains and losses that arise in calculating the Company's obligations in respect of such plans are recognised directly in reserves. The operating and financial costs of such plans are recognised in the profit and loss account.

The ASB issued FRS 20 "Share-based Payments" in April 2004. The Company operates two employee share plans: the Carnival plc Deferred Bonus and Co-Investment Matching Plan and the Carnival plc 2005 Employee Share Plan. The fair values of option grants under the plans were calculated using the Black-Scholes valuation model. The fair values of restricted share awards and matching share awards under the plans are measured by reference to the Carnival plc share price. The fair value is measured at grant date and, in accordance with FRS 20, the resulting cost is charged to the profit and loss account over the period during which the employees become unconditionally entitled to the options or shares. The amount recognised as an expense is adjusted to reflect changes in expected and actual levels of options vesting.

The ASB issued FRS 21 "Events after the balance sheet date" in May 2004. This standard replaced Statement of Standard Accounting Practice 17 "Accounting for post balance sheet events" and the main effect of this change is to prohibit the recording of a provision for a dividend where the dividend is declared after the balance sheet date. FRS 21 is applicable for accounting periods beginning on or after January 1, 2005. Dividend distributions are recognised in the period in which the dividends are declared as under the DLC arrangements the declaration of an interim dividend, by the Boards of Carnival Corporation and Carnival plc, crystallises a liability for Carnival plc.

During the year the Company also adopted FRS 23 “The Effects of Changes in Foreign Exchange Rates”, FRS 25 “Financial Instruments: Disclosure and Presentation”, FRS 26 “Financial Instruments: Measurement” and FRS 28 “Corresponding Amounts”. The adoption of these standards has not had a material impact on the Company’s balance sheet.

The Company has amended its accounting policy relating to dry-docking costs, comprising planned major maintenance activities, so as to conform to that of Carnival Corporation. The Company’s previous accounting policy was to defer the cost of these activities performed during dry-dock, and expense them over the estimated period of benefit, generally twelve months or in some instances the period to the next scheduled dry-dock, which can be up to thirty months. The costs incurred during the course of a dry-dock are now immediately written off to profit and loss. Capital expenditures incurred during a dry-dock continue to be capitalised as ship improvements on a component basis and depreciated over their estimated useful lives, with the estimated net book value of assets being replaced written off.

The impact of first time adoption of these standards is set out in note 15 to the Company accounts.

Goodwill

Goodwill arising on business acquisitions, being the difference between the fair value of consideration compared to the fair value of net assets acquired, represents the residual purchase price after allocation to all identifiable net assets. Goodwill is regarded as having an indefinite useful economic life and, accordingly, it is not amortised. This policy is appropriate due to the long-term nature of the business and the enduring nature of the brands, which are a key part of the strategy of the Company and are supported by continuing investment in the brands and new ships. Goodwill is reviewed annually by the directors, by comparing the carrying value with the estimated recoverable amount, to determine whether there has been any permanent impairment in value; any such reduction in value is taken to the profit and loss account.

Investments

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

Tangible fixed assets

Ships are stated at cost less accumulated depreciation. Subsequent ship improvement costs that we believe add value to our ships are capitalised as additions to the ships, while costs of repairs and maintenance and minor replacement costs are charged to expense as incurred.

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

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

Depreciation is calculated to write off the cost to estimated residual value on a straight line basis over the expected useful life of the asset concerned as follows:

Cruise ships	30 years
Freehold buildings	20–35 years
Other fixed assets	2–20 years

Owned land and ships under construction are not depreciated.

Impairment of fixed assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable based on estimated future cash flows. Provision for impairment in value of fixed assets is made in the profit and loss account.

Dry-dock costs

Dry-dock costs primarily represent planned major maintenance activities which are immediately written off to profit and loss. Capital expenditures incurred during a dry-dock are capitalised as ship improvements on a component basis and depreciated over their estimated useful lives, with the estimated net book value of assets being replaced written off.

Stocks

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

Revenue and expense recognition

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

Selling expenses

Marketing and promotion costs are expensed as incurred, except for brochures and media production costs, which are recorded as prepaid expenses and charged to the profit and loss account as brochures are consumed or upon the first airing of the advertisement.

Leases

Rentals under operating leases are charged to the income statement on a straight line basis over the life of the lease.

Pension costs

The Company operates both defined benefit and defined contribution schemes. The net deficit or surplus for each defined benefit pension scheme is calculated in accordance with FRS17, 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 equivalent that have maturity dates approximating to the terms of the Group’s obligations. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Actuarial gains and losses that arise in calculating the Company's obligation in respect of a plan are recognised in the period in which they arise directly in the profit and loss reserve.

The operating and financing costs of defined benefit pension plans are recognised separately in the income statement; 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.

Contributions, including lump sum payments, in respect of defined contribution pension schemes and multi-employer schemes where it is not possible to identify the Company's share of the scheme, are charged to the income statement as they fall due.

Derivatives and other financial instruments

Carnival plc uses foreign currency swaps, non-derivative financial instruments and interest rate swaps to manage its exposure to certain foreign currency exchange rate and interest rate risks, such as to hedge certain major capital expenditures or lease commitments of the Company in currencies other than the functional currency. Derivative financial instruments are accounted for at fair value. Subject to specific criteria, derivative financial instruments, financial assets and financial liabilities may be designated as forming hedge relationships, as a result of which, changes in fair value are offset in the income statement or recognised directly in the statement of total recognised gains and losses, 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. Fluctuations in value of fair value hedge derivatives are offset against the changes in the value of the underlying hedged item, for the Company the underlying hedged items are principally contracted ship capital commitments. Fluctuations in value of cash flow hedge derivatives are taken to reserves until the underlying hedged item is recognised in earnings. Changes in value of hedges of a net investment are recognised in reserves, offsetting the change in the translated value of the hedged net investment. In the event that a previously hedged investment is disposed of, the accumulated amount recognised in reserves arising from hedging is required to be removed from reserves and reflected in net income.

Foreign currencies

The presentation currency of the Company is the U.S. dollar. The Company comprises several branches, which generate earnings and hold assets in different currencies, principally pounds sterling, U.S. dollars and Australian dollars. Each branch determines its functional currency by reference to the relevant economic environment. Transactions in currencies other than a branch's functional currency are recorded at the rate of exchange ruling at the date of the transaction. Monetary asset and liability balances denominated in currencies other than a branch's functional currency are remeasured into the branch's functional currency, at the rate of exchange ruling at the balance sheet date.

Exchange differences arising from the retranslation of the opening net assets of non U.S. dollar functional currency branches, non U.S. dollar equity investments and of related hedges are taken to reserves, together with the differences arising when the profit and loss accounts are translated at average rates and compared to rates ruling at the year end. Other exchange gains and losses are taken to the profit and loss account.

2. Profit and loss account

In accordance with s230 of the Companies Act 1985 the Company has not presented its own profit and loss account. The profit attributable to shareholders of the Company for the year was $364.4m (2005 $197.7m). The profit and loss account comprises $1,368.1m (2005 $1,119.9m) of distributable reserves and $1,679.3m (2005 $1,679.3m) of undistributable reserves.

The audit fee of the Company was $0.8m (2005 $0.5m) and fees payable for other services pursuant to legislation were $0.1m (2005 nil).

Directors' remuneration is disclosed in Part II of the Remuneration Report within Annex B of the Proxy Statement which accompanies these accounts. The average number of Company shoreside employees during the year was 1,195 (2005 1,138). Wages and salaries were $71.2m (2005 $60.0m), social security costs were $7.0m (2005 $5.9m) and pension costs were $3.9m (2005 $3.3m).

Dividend disclosures are provided in note 6 to the Carnival plc consolidated financial statements.

3. Goodwill

	U.S.$m
Cost at November 30, 2006 and 2005	215.1

Due to the enduring nature of the Company's brands and continued investment in the brands and new ships, goodwill is regarded as having an indefinite life and is not amortised. In the opinion of the directors this departure from the requirements of the Companies Act 1985, for goodwill to be amortised, is adopted so that the financial statements give a true and fair view. It is not possible to quantify the effect of this departure because no finite life for goodwill can be identified.

4. Ships

	Owned U.S.$m
Cost	
Cost at December 1, 2005	3,526.3
Exchange movements	304.8
Additions	114.0
Disposals	(246.2)
Cost at November 30, 2006	3,698.9
Accumulated depreciation	
Accumulated depreciation at December 1, 2005	(865.9)
Exchange movements	(79.2)
Charge for year	(130.6)
Disposals	198.7
Accumulated depreciation at November 30, 2006	(877.0)
Net book value	
At November 30, 2006	2,821.9
At November 30, 2005	2,660.4

Ships under construction included in the above for the Company totalled $141.4m (2005 $57.3m).

5. Other fixed assets

	Equipment and motor vehicles U.S.$m
Cost	
Cost at December 1, 2005	39.7
Exchange movements	4.0
Additions	3.9
Disposals	(4.4)
Cost at November 30, 2006	43.2
Accumulated depreciation	
Accumulated depreciation at December 1, 2005	(24.9)
Exchange movements	(2.3)
Charge for the year	(6.3)
Disposals	3.9
Accumulated depreciation at November 30, 2006	(29.6)
Net book value	
At November 30, 2006	13.6
At November 30, 2005	14.8

6. Investment in subsidiaries

	U.S.$m
At December 1, 2005	5,035.0
Exchange movements	290.4
Additions	484.4
Impairment	(57.0)
At November 30, 2006	5,752.8

Additions to investment in subsidiaries include $484.4m in respect of further investment in previously owned subsidiaries.

The principal operating subsidiaries at November 30, 2006 were:

	Country of Incorporation/ Registration	Percentage of equity share capital owned at November 30, 2006	Business Description
P&O Princess Cruises International Ltd	England	100%†	Shipowner
Alaska Hotel Properties LLC	U.S.A.	100%	Hotel operations
Royal Hyway Tours Inc	U.S.A.	100%	Land tours
Tour Alaska LLC	U.S.A.	100%	Rail tours
CC U.S. Ventures, Inc.	U.S.A.	100%	Holding company
Costa Crociere S.p.A	Italy	99.98%	Passenger cruising
Cozumel Cruise Terminal S.A. de C.V.	Mexico	100%	Port operations
Global Fine Arts, Inc.	U.S.A.	100%	Art sales and picture framing
Holland America Line Inc	U.S.A.	100%	Hotel operations and land and rail tours

†Held directly by the Company

7. Stocks

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Consumables and other provisions	31.3	34.1
Goods for resale	8.7	7.2
	40.0	41.3

8. Debtors

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Trade debtors	175.8	100.9
Amounts owed by subsidiary undertakings	125.2	322.3
Other debtors	79.6	93.0
Prepayments and accrued income	35.7	107.7
	416.3	623.9

9. Creditors

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Amounts falling due within one year		
Bank loans	(82.7)	(237.3)
Trade creditors	(33.3)	(57.6)
Amounts owed to Carnival Corporation group companies	(315.1)	(564.9)
Amounts owed to subsidiaries	(2,583.3)	(2,437.5)
Corporation tax	(0.2)	(1.4)
Other creditors	(20.6)	(27.7)
Accruals	(134.4)	(147.9)
Deferred income	(498.5)	(440.0)
Dividends payable	(58.6)	(53.1)
	(3,726.7)	(3,967.4)

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Amounts falling due after more than one year		
Bank loans, loan notes and bonds:		
Between one and five years		
Bank loans	(1,137.6)	(904.6)
Other creditors	(32.6)	(19.0)
Over five years		
Sterling bonds 2012	(387.5)	(339.9)
Euro bond 2013	(983.2)	—
Bank loans	(365.1)	(225.9)
	(2,906.0)	(1,489.4)

Bank loans and overdrafts include amounts of $143.0m (2005 $149.8m) secured on ships. Further details of interest rates on bank borrowings are given in note 25 to the Carnival plc consolidated financial statements. The deeds of guarantee issued in conjunction with the formation of the DLC, and subsequent guarantees issued, effectively result in Carnival plc guaranteeing all of Carnival Corporation's indebtedness and certain other monetary obligations. Carnival Corporation has provided reciprocal guarantees over the Company's and certain of its subsidiaries' indebtedness. Further details of arrangements under the DLC structure are given in note 3 of the Carnival Corporation & plc 2006 Annual Report.

The maturity of bank loans, bonds and overdrafts is as follows:

	As at Nov. 30, 2006 U.S.$m	As at Nov. 30, 2005 U.S.$m
Within one year	(82.7)	(237.3)
Between one and two years	(82.7)	(50.4)
Between two and five years	(1,054.9)	(854.2)
Between five and ten years	(1,706.5)	(511.2)
Over ten years	(29.3)	(54.6)
	(2,956.1)	(1,707.7)

10. Provisions for liabilities

Provisions in the company relate to vacant leasehold properties which are expected to be settled over the next 5 years and other post employment obligations. The latter provisions accounted for most of the change during the year.

11. Net pension liabilities

The Company's net pension liabilities represent substantially all of the Group's funded employee benefit plans. Detailed disclosures relating to these plans are included in note 21 to the Carnival plc consolidated financial statements.

12. Share capital and reserves

Disclosures relating to the Company's share capital are provided in notes 16 and 17 to the Carnival plc consolidated financial statements.

Share-based payments

Share options over Carnival plc shares, granted under the Carnival plc 2005 Employee Share Plan, typically vest three years after the date of the grant.

Awards over 70,004 restricted share awards were made to certain officers and senior managers. Of these awards 60,004 vest unconditionally after three years and 10,000 vest unconditionally after five years and they are all equity settled. In addition under the Carnival plc Deferred Bonus and Co-Investment Matching Plan, certain senior managers are able to invest a percentage of any annual bonus in Carnival plc shares, with a view to receiving a matching award if certain predetermined performance targets are achieved. The compensation expense related to these share awards is calculated by reference to the Carnival plc share price on the date of grant and expensed to the income statement over the vesting period.

Details relating to share options and restricted share awards are given in note 20 to the Carnival plc consolidated financial statements.

	Share premium account U.S.$m	Other reserves U.S.$m	Profit and loss account U.S.$m	Total U.S.$m
At December 1, 2005	75.6	35.6	2,760.4	2,871.6
Prior period adjustment (note 15)	—	—	38.8	38.8
	75.6	35.6	2,799.2	2,910.4
Exchange movements	—	—	108.7	108.7
Issue of shares	16.3	—	—	16.3
Net loss on derivative contracts	—	—	(21.4)	(21.4)
Net actuarial gain on defined benefit pension schemes	—	—	14.6	14.6
Retained profit for the financial year	—	—	146.3	146.3
At November 30, 2006	91.9	35.6	3,047.4	3,174.9

At November 30, 2006 Group "Other reserves" represent the difference between the market and nominal value of shares issued as initial consideration of $35.6m in respect of the purchase of 49% of AIDA Cruises Limited in November 2001. The shares issued in respect of the initial consideration were accounted for in accordance with the merger relief provisions of the Companies Act 1985.

13. Commitments

At November 30, 2006 the Company had contracted capital commitments relating to ship construction contracts amounting to $1.2bn (2005 $1.1bn). Ship capital commitments at November 30, 2006 include contract payments to the shipyards, design and engineering fees, construction oversight costs, various owner supplied items and capitalised interest.

Subsequent to the year end the Company contracted for one new ship with an estimated cost of $0.7bn; further details of capital commitments are given in note 6 to the Carnival Corporation & plc 2006 Annual Report.

14. Derivative financial instruments

Virtually all the derivative financial instruments issued by the Group are issued by Carnival plc, detailed disclosures relating to the nature and fair values of these instruments are given in note 25 to the Carnival plc consolidated financial statements.

In addition, the Company was party to a series of interest rate swaps with one of its wholly owned subsidiaries. These interest rate swaps, which are eliminated in the consolidated financial statements, do not satisfy the criteria for hedge accounting. Accordingly, the change in fair value of these instruments is taken to profit and loss account. In 2006 this resulted in a finance charge of $6.7m (2005 $25.1m).

Notes to the company financial statements—*(continued)*

15. Prior year adjustments

The adoption of FRS 17 "Retirement Benefits", FRS 20 "Share-based Payments", FRS 21 "Events after Balance Sheet Date", FRS 25 "Financial Instruments: Disclosure and Presentation", FRS 26 "Financial Instruments: Measurement" and the change in dry-dock costs recognition, in these financial statements represent changes in the Company's accounting policies. The impact of these changes on the Company's 2005 balance sheet is shown below:

	2005 As originally stated U.S.$m	Dividends U.S.$m	Dry-dock U.S.$m	Pension U.S.$m	Financial instruments U.S.$m	2005 As restated U.S.$m
Goodwill	215.1	—	—	—	—	215.1
Tangible assets						
Ships	2,660.4	—	—	—	—	2,660.4
Other fixed assets	14.8	—	—	—	—	14.8
Investments—subsidiaries	5,035.0	—	—	—	—	5,035.0
	7,925.3	—	—	—	—	7,925.3
Current assets						
Stocks	41.3	—	—	—	—	41.3
Debtors	572.6	—	(33.4)	—	84.7	623.9
Cash at bank and in hand	219.8	—	—	—	—	219.8
	833.7	—	(33.4)	—	84.7	885.0
Creditors: amounts falling due within one year	(4,020.2)	53.1	—	—	(0.3)	(3,967.4)
Net current liabilities	(3,186.5)	53.1	(33.4)	—	84.4	(3,082.4)
Total assets less current liabilities	4,738.8	53.1	(33.4)	—	84.4	4,842.9
Creditors: amounts falling due after more than one year	(1,488.9)	—	—	—	(0.5)	(1,489.4)
Provisions for liabilities	(25.4)	—	—	—	—	(25.4)
Net pension liabilities	—	—	—	(64.8)	—	(64.8)
	3,224.5	53.1	(33.4)	(64.8)	83.9	3,263.3
Capital and reserves						
Called up share capital	352.9	—	—	—	—	352.9
Share premium account	75.6	—	—	—	—	75.6
Other reserves	35.6	—	—	—	—	35.6
Profit and loss account	2,760.4	53.1	(33.4)	(64.8)	83.9	2,799.2
Equity shareholders' funds	3,224.5	53.1	(33.4)	(64.8)	83.9	3,263.3

Report of the independent auditors to the members of Carnival plc

We have audited the parent company financial statements of Carnival plc for the year ended November 30, 2006 which comprise the balance sheet and the related notes. These parent company financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report in Annex B to the Proxy Statement that is described as having been audited.

We have reported separately on the Group financial statements of Carnival plc for the year ended November 30, 2006.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the parent company financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the parent company financial statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only pages 1 to 3 and 32 to 47 of the Carnival Corporation & plc 2006 Annual Report and the Proxy Statement and related Annexes, other than the auditable part of the Directors' Remuneration Report contained in Annex B to the Proxy Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at November 30, 2006;
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place, London
20 February 2007

The maintenance and integrity of the publication of the Carnival plc financial statements on the Carnival websites is the responsibility of the Company; 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 jurisdictions.

CARNIVAL
PLC