CARNIVAL PLC

Financial Statements
Year ended November 30, 2010

The Annual Report of Carnival plc comprises the Carnival plc consolidated and company IFRS financial statements contained herein, together with the Carnival Corporation & plc 2010 Annual Report ("DLC Annual Report") and certain parts of the Proxy Statement, dated February 17, 2011.

The Carnival plc consolidated IFRS financial statements, which are required to satisfy reporting requirements of the Companies Act 2006, incorporate the results of Carnival plc and its subsidiaries and, accordingly, do not include the IFRS results of Carnival Corporation and its subsidiaries. However, the Directors consider that within the Carnival Corporation and Carnival plc Dual Listed Company ("DLC") arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc. Accordingly, the Carnival Corporation & plc U.S. GAAP consolidated financial statements that are included within the DLC Annual Report form part of the Carnival plc IFRS financial statements as additional disclosures.

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

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

OTHER INFORMATION

The Notice of Annual Meetings and Proxy Statement, dated February 17, 2011 ("Proxy Statement"), Carnival Corporation & plc joint Annual Report on Form 10-K ("Form 10-K") and DLC Annual Report are not set forth within the Carnival plc IFRS Financial Statements, but are available for viewing at www.carnivalcorp.com or www.carnivalplc.com. The Carnival plc IFRS Financial Statements will be available at the National Storage Mechanism and will be included in the Annual Meeting materials available to the Carnival plc shareholders.

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

	Years Ended November 30, 2010	2009
Revenues		
Cruise		
Passenger tickets	$ 5,087	$ 4,718
Onboard and other	1,078	953
Tour and other	308	313
	6,473	5,984
Costs and Expenses		
Operating		
Cruise		
Commissions, transportation and other	1,217	1,181
Onboard and other	197	188
Payroll and related	601	536
Fuel	653	445
Food	318	297
Other ship operating	955	871
Tour and other	255	277
Total	4,196	3,795
Selling and administrative	618	612
Depreciation and amortisation	572	516
Impairment loss	-	29
	5,386	4,952
Operating Income	1,087	1,032
Nonoperating (Expense) Income		
Interest income	6	8
Interest expense, net of capitalised interest	(167)	(155)
Other (expense) income, net	(6)	6
	(167)	(141)
Income Before Income Taxes	920	891
Income Tax Benefit (Expense), Net	18	(16)
Net Income	$ 938	$ 875
Earnings Per Share		
Basic	$ 4.39	$ 4.10
Diluted	$ 4.38	$ 4.10

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

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

	2010	2009
DLC Basic earnings per share	$ 2.51	$ 2.27
DLC Diluted earnings per share	$ 2.47	$ 2.24

CARNIVAL PLC
GROUP STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Years Ended November 30,	
	2010	**2009**
Net Income	$ 938	$ 875
Items Included in Other Comprehensive (Loss) Income		
Foreign currency translation adjustment	(917)	1,132
Net gains (losses) on hedges of net investments in foreign operations	173	(136)
Net (losses) gains on cash flow derivative hedges	(15)	13
Actuarial gains (losses) on post-employment benefit obligations	16	(59)
Net Other Comprehensive (Loss) Income	(743)	950
Total Comprehensive Income	$ 195	$ 1,825

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

CARNIVAL PLC
BALANCE SHEETS
(in millions)

	Group		Company	
	November 30,			
	2010	2009	2010	2009
ASSETS				
Current Assets				
Cash and cash equivalents	$ 328	$ 431	$ 181	$ 275
Trade and other receivables, net	177	345	86	142
Amounts owed by subsidiaries	-	-	56	57
Inventories, net	136	134	50	39
Prepaid expenses and other	82	198	21	45
Total current assets	723	1,108	394	558
Property and Equipment, Net	13,278	12,405	4,468	3,440
Intangibles	874	990	171	181
Other Assets	226	174	41	33
Investments in Subsidiaries	-	-	5,366	5,681
	$ 15,101	$ 14,677	$ 10,440	$ 9,893
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities				
Short-term borrowings	$ 400	$ 39	$ 355	$ -
Current portion of long-term debt	174	288	127	187
Amounts owed to the Carnival Corporation group	1,442	1,459	374	317
Amounts owed to subsidiaries	-	-	2,289	2,374
Accounts payable	312	310	77	33
Accrued liabilities and other	444	368	152	160
Customer deposits	1,125	1,001	690	593
Total current liabilities	3,897	3,465	4,064	3,664
Long-Term Debt	3,096	3,186	2,231	2,489
Other Long-Term Liabilities	188	244	38	97
Shareholders' Equity				
Share capital	355	354	355	354
Share premium	107	104	102	99
Retained earnings	6,637	5,744	3,699	3,106
Other reserves	821	1,580	(49)	84
Total shareholders' equity	7,920	7,782	4,107	3,643
	$ 15,101	$ 14,677	$ 10,440	$ 9,893

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

Approved by the Board of Directors on February 17, 2011 and signed on its behalf by

Micky Arison
Chairman of the Board of Directors and Chief Executive Officer

Howard S. Frank
Vice Chairman of the Board of Directors and Chief Operating Officer

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

CARNIVAL PLC
STATEMENTS OF CASH FLOWS
(in millions)

	Group		Company	
	Years ended November 30,			
	2010	2009	2010	2009
OPERATING ACTIVITIES				
Income before income taxes	$ 920	$ 891	$ 643	$ 216
Adjustments to reconcile income before taxes to net cash provided by operating activities				
Depreciation and amortisation	572	516	173	156
Impairment loss	-	29	-	-
Gains on disposal of property and equipment, net	-	(22)	-	(34)
Share-based compensation	10	10	3	6
Other	5	2	4	8
	1,507	1,426	823	352
Changes in operating assets and liabilities				
Receivables	129	17	2	63
Inventories	(15)	(6)	(13)	8
Prepaid expenses and other	(35)	27	10	(8)
Accounts payable	30	35	44	24
Accrued and other liabilities	159	173	62	22
Customer deposits	164	110	109	67
Cash provided by operations before interest and taxes	1,939	1,782	1,037	528
Interest received	5	8	2	6
Interest paid	(187)	(159)	(107)	(117)
Income taxes refunded (paid), net	1	(16)	2	(4)
Net cash provided by operating activities	1,758	1,615	934	413
INVESTING ACTIVITIES				
Additions to property and equipment	(2,463)	(1,835)	(1,313)	(145)
Other, net	148	(64)	73	15
Net cash used in investing activities	(2,315)	(1,899)	(1,240)	(130)
FINANCING ACTIVITIES				
Changes in loans with the Carnival Corporation group and Group companies	59	863	(129)	(134)
Proceeds from (repayments of) short-term borrowings, net	382	(384)	355	-
Principal repayments of revolvers	(354)	(939)	(50)	-
Proceeds from revolvers	91	731	-	52
Principal repayments of other long-term debt	(240)	(640)	(213)	(640)
Proceeds from issuance of other long-term debt	557	521	305	244
Dividends paid	(53)	(64)	(53)	(64)
Proceeds from settlement of foreign currency swaps	-	113	-	113
Other, net	4	2	4	2
Net cash provided by (used in) financing activities	446	203	219	(427)
Effect of exchange rate changes on cash and cash equivalents	8	21	(7)	5
Net decrease in cash and cash equivalents	(103)	(60)	(94)	(139)
Cash and cash equivalents at beginning of year	431	491	275	414
Cash and cash equivalents at end of year	$ 328	$ 431	$ 181	$ 275

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

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

	Share capital	Share premium	Retained earnings	Other reserves: Translation reserve	Other reserves: Cash flow hedges	Other reserves: Merger reserve	Other reserves: Total	Total shareholders' equity
Balances at November 30, 2008	$ 354	$ 134	$ 4,919	$ (937)	$ 5	$ 1,503	$ 571	$ 5,978
Net income	-	-	875	-	-	-	-	875
Foreign currency translation adjustment	-	-	-	1,132	-	-	1,132	1,132
Net losses on hedges of net investments in foreign operations	-	-	-	(136)	-	-	(136)	(136)
Net gains on cash flow derivative hedges	-	-	-	-	13	-	13	13
Actuarial losses on post-employment benefit obligations	-	-	(59)	-	-	-	-	(59)
Other	-	(30)	9	-	-	-	-	(21)
Balances at November 30, 2009	354	104	5,744	59	18	1,503	1,580	7,782
Net income	-	-	938	-	-	-	-	938
Foreign currency translation adjustment	-	-	-	(917)	-	-	(917)	(917)
Net gains on hedges of net investments in foreign operations	-	-	-	173	-	-	173	173
Net losses on cash flow derivative hedges	-	-	-	-	(15)	-	(15)	(15)
Actuarial gains on post-employment benefit obligations	-	-	16	-	-	-	-	16
Cash dividends declared	-	-	(71)	-	-	-	-	(71)
Other	1	3	10	-	-	-	-	14
Balances at November 30, 2010	$ 355	$ 107	$ 6,637	$ (685)	$ 3	$ 1,503	$ 821	$ 7,920

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

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

	Share capital	Share premium	Retained earnings	Other reserves: Translation reserve	Other reserves: Cash flow hedges	Other reserves: Merger reserve	Other reserves: Total	Total shareholders' equity
Balances at November 30, 2008	$ 354	$ 96	$ 2,935	$ (189)	$ 5	$ 36	$ (148)	$ 3,237
Net income	-	-	226	-	-	-	-	226
Foreign currency translation adjustment	-	-	-	355	-	-	355	355
Net losses on hedges of net investments in foreign operations	-	-	-	(136)	-	-	(136)	(136)
Net gains on cash flow derivative hedges	-	-	-	-	13	-	13	13
Actuarial losses on post-employment benefit obligations	-	-	(59)	-	-	-	-	(59)
Other	-	3	4	-	-	-	-	7
Balances at November 30, 2009	354	99	3,106	30	18	36	84	3,643
Net income	-	-	644	-	-	-	-	644
Foreign currency translation adjustment	-	-	-	(291)	-	-	(291)	(291)
Net gains on hedges of net investments in foreign operations	-	-	-	173	-	-	173	173
Net losses on cash flow derivative hedges	-	-	-	-	(15)	-	(15)	(15)
Actuarial gains on post-employment benefit obligations	-	-	16	-	-	-	-	16
Cash dividends declared	-	-	(71)	-	-	-	-	(71)
Other	1	3	4	-	-	-	-	8
Balances at November 30, 2010	$ 355	$ 102	$ 3,699	$ (88)	$ 3	$ 36	$ (49)	$ 4,107

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

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

CARNIVAL PLC
NOTES TO GROUP AND COMPANY FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

As of November 30, 2010, the summary by cruise brand of our passenger capacity, the number of cruise ships we operate and the primary areas or countries in which they are marketed are as follows:

Cruise Brands	Passenger Capacity (a)	Number of Cruise Ships	Primary Markets
Costa Cruises ("Costa")	29,202	14	Italy, France and Germany
P&O Cruises (UK) (b)	15,098	7	United Kingdom ("UK")
AIDA Cruises ("AIDA")	12,054	7	Germany
Cunard	6,676	3	UK and North America
P&O Cruises (Australia)	6,322	4	Australia
Ibero Cruises ("Ibero")	5,008	4	Spain and South America
Princess Cruises ("Princess") (c)	4,020	2	Australia
	78,380	41	

(a) In accordance with cruise industry practice, passenger capacity is calculated based on two passengers per cabin even though some cabins can accommodate three or more passengers.
(b) Includes the 1,200-passenger capacity *Artemis*, which was sold in October 2009 to an unrelated entity and is being operated by P&O Cruises (UK) under a bareboat charter agreement until April 2011.
(c) Princess, one of Carnival Corporation's North America cruise brands, time charters two of its ships to Carnival plc to operate year-round from Australia under the Princess brand name.

Basis of Preparation of Financial Statements

The Carnival plc Group and Company financial statements are presented in U.S. dollars, the Group's and Company's presentation currency. They are prepared on the historical cost basis except for certain financial assets and certain financial liabilities (including derivative instruments), which are stated at fair value. During the fourth quarter of 2010, we changed the classification of our port costs that vary with guest head counts to a gross presentation from a net presentation, which resulted in an increase in both passenger ticket revenues and commissions, transportation and other costs. This change had no impact on our operating or net income. We adjusted all prior period amounts to conform with this new presentation. The amounts reclassified and now included on a gross basis in passenger ticket revenues and commissions, transportation and other costs were $90 million and $72 million in fiscal 2010 and 2009, respectively.

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 2006 applicable to companies reporting under IFRS.

The Group has presented for the first time on an annual basis Group Statements of Comprehensive Income, which replace the Group Statements of Recognized Income and Expense. Comparative information has been presented in conformity with IAS 1 (revised). See note 2 for a discussion of the Group's adoption of IFRS 8 "Operating Segments" ("IFRS 8").

The preparation of our Group and Company financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported and disclosed amounts in these financial statements. The estimates and underlying assumptions are based on historical experience and various other factors that we believe to be reasonable under the circumstances, and form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could 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 MD&A section of the Carnival Corporation & plc 2010 Annual Report ("DLC Annual Report") on pages 38 to 40.

Basis of Consolidation

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

Carnival Corporation and Carnival plc operate as a Dual Listed Company ("DLC"), known as Carnival Corporation & plc, whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate the largest cruise business in the world as if it was a single economic enterprise, but each has retained its separate legal identity. Each company's shares are publicly traded; on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc American Depository Shares are traded on the NYSE. The contracts governing the DLC arrangement provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards 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 common stock and each Carnival plc ordinary 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 are included in the DLC Annual Report. The Carnival Corporation & plc consolidated financial statements have been prepared under purchase accounting principles whereby the DLC transaction was accounted for as an acquisition of Carnival plc by Carnival Corporation.

The Group and Company IFRS financial statements are required to satisfy reporting requirements of the Companies Act 2006. 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. generally accepted accounting principles ("U.S. GAAP") consolidated financial statements of Carnival Corporation & plc, on the basis that all significant financial and operating decisions affecting the DLC companies are made on the basis of U.S. GAAP information and consequences. Accordingly, the Carnival Corporation & plc U.S. GAAP consolidated financial statements on pages 5 to 33 in the DLC Annual Report, which form part of these financial statements, are incorporated into the Carnival plc IFRS financial statements as additional disclosures. In addition, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and the Chairman's Letter to Shareholders on pages 36 to 54 and pages 2 and 3, respectively, in the DLC Annual Report are included as part of the 2010 Carnival plc Annual Report and contain a review of the business and sets out the principal activities, operations, performance, liquidity, financial condition and capital resources, debt covenants, key performance indicators and likely future developments of Carnival Corporation & plc. That discussion also identifies the principal risks and uncertainties with related mitigating factors that might affect Carnival Corporation & plc's future performance. Finally, our Directors' Report, Part II of our Directors' Remuneration Report and our Corporate Governance Report, included as Annexes A, B and C to the Notice of Annual Meetings and Proxy Statement, dated February 17, 2011 ("Proxy Statement"), and Part I of our Directors' Remuneration Report contained within the Proxy Statement are all included as part of the 2010 Carnival plc Annual Report. All of these documents, as well as the Carnival Corporation & plc joint Annual Report on Form 10-K ("Form 10-K") can be found at the Carnival Corporation & plc website at www.carnivalcorp.com or www.carnivalplc.com.

Additional information related to our business and the cruise industry, including, but not limited to, a discussion of our cruise brands' competitors, employees, products, properties, risk factors, seasonality, services, key suppliers and the cruise industry and its regulations can be found in the Form 10-K. Finally, information related to environmental, social and governance issues can be found in our Directors' Report, Corporate Governance Report, Chairman's Letter to Shareholders and Form 10-K.

Intangibles

Goodwill represents the excess of the cost of acquisition of a business over the acquiror's share of the fair value of identifiable net assets acquired. Goodwill is allocated to our business units, also referred to as cruise brands, on the basis of expected benefit resulting from the acquisition and is stated at cost less accumulated goodwill impairment losses, if any. Goodwill is subject to annual impairment reviews and, more frequently, when indicators of impairment are detected. The recoverability of goodwill is determined by comparing the carrying amount of the net assets allocated to each cash-generating unit ("CGU" or "cruise brand") with its recoverable amount. The estimated recoverable amount is the higher of the cruise brand fair value less cost to sell and its value in use, and if the recoverable amount is greater than the cruise brand net asset carrying value, then the goodwill amount is deemed recoverable.

The costs of developing and maintaining our trademarks are expensed as incurred. Trademarks acquired as part of acquisitions of certain of our businesses are capitalised separately from goodwill if their value can be measured reliably, and are initially recorded at fair value. Trademarks are considered to have an indefinite useful life and, therefore, are not amortisable but are reviewed for impairment annually and, more frequently, when indicators of impairment are detected. Our trademarks would be considered impaired if their carrying value exceeds their estimated recoverable amount.

Property and Equipment

Property and equipment, including ships, are stated at cost less accumulated depreciation. Ship improvement costs that we believe add value to our ships, such as those incurred for major refurbishments, are capitalised as additions to the ships and depreciated over their or the ships' estimated remaining useful life, whichever is shorter, while costs of repairs and maintenance, including minor improvement costs, are charged to expense as incurred. We capitalise interest as part of acquiring ships and other capital projects during the construction period. The specifically identified or estimated cost and accumulated depreciation of previously capitalised ship components are written-off upon retirement, which may result in a loss on disposal that is classified within other ship operating expenses in the accompanying Group Statements of Income.

Depreciation and amortisation is calculated to write-off the costs to the estimated residual value using the straight-line method over our estimates of assets' useful lives as follows:

	Years
Ships	30
Ship improvements	3 - 28
Buildings and improvements	5 - 35
Other property and equipment	2 - 20
Leasehold improvements, including port facilities	Shorter of lease term or related asset life

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be fully recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of our asset based on our estimate of the recoverable amount, which is the higher of the fair value less cost to sell and its value in use.

Dry-dock Costs

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

Grants

Government grants received related to property and equipment are deducted from the carrying amount of such assets.

Inventories

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

Trade Receivables

Trade receivables are recognised initially at fair value and subsequently are stated net of allowances for bad debts.

Cash and Cash Equivalents

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

Revenue and Expense Recognition

Revenue comprises sales to third parties and excludes VAT and other similar sales taxes. Guest cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities generally when received (see the MD&A section on page 50 within the DLC Annual Report for additional discussion of customer deposits). Customer deposits are subsequently recognised as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognised as cruise costs and expenses, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognizing these shorter duration cruise revenues and expenses on a completed voyage basis versus on a pro rata basis is not material. Future travel discount vouchers issued to guests are typically recorded as a reduction of cruise passenger ticket revenues when such vouchers are utilised. Cancellation fees are recognised in cruise passenger ticket revenue at the time of the cancellation.

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

Cruise passenger ticket revenues include port charges collected from our guests that vary with guest head counts. As previously discussed, these same amounts are also expensed within commissions, transportation and other costs in the accompanying Group Statements of Income when the corresponding revenues are recognized.

Revenues and expenses from our tour and travel services are recognized at the time the services are performed or expenses are incurred. Revenues from the leasing of our owned ship to an unaffiliated party is recognized ratably over the term of the charter agreement using the straight-line method.

Insurance and Self-Insurance

We use a combination of third party insurance, Carnival Corporation & plc group risk sharing programs and self-insurance to address a number of risks including, among others, injuries related to crew and guests, damage to hull and machinery, war risk, workers' compensation, property damage and general liability. Liabilities associated with certain of these risks are estimated based on historical claims experience and other assumptions. While we believe the estimated loss amounts accrued are adequate, the ultimate loss may differ from the amounts provided.

Operating Leases

Rent expenses under operating leases are charged to expense using the straight-line method over the term of the lease. Estimated amounts that are contractually due to the lessor to restore the leased property to its original condition are expensed over the term of lease using the straight-line method.

Selling and Administrative Expenses

Selling expenses include a broad range of advertising, such as marketing and promotional costs. Advertising is charged to expense as incurred. Advertising expenses were $244 million and $239 million in fiscal 2010 and 2009, respectively. Administrative expenses represent the costs of shoreside ship support, reservations and other administrative functions, and include salaries and related benefits, professional fees and occupancy costs, which are typically expensed as incurred.

Pensions

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

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

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

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

Share-Based Compensation

The fair value of share options granted to employees was estimated at the grant date using the Black-Scholes valuation model. The resulting cost is charged to expense 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, restricted stock units ("RSUs") and matching share awards under the plans are measured by reference to the Carnival plc ordinary share price. The fair value is measured at grant date and, in accordance with IFRS 2, the resulting cost is charged to expense 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.

Earnings Per Share

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

Dividends

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

Foreign Currencies

The underlying Group businesses generate earnings in a number of different currencies, principally euros, sterling and Australian and U.S. dollars. Each business determines its functional currency by reference to its relevant economic environment. Transactions in currencies other than a business's functional currency are recorded at the rate of exchange at the date of the transaction and any exchange gains and losses arising thereafter are included in nonoperating income. Monetary assets and liabilities denominated in non-functional currencies are remeasured at the period end exchange rates and any exchange gains or losses arising therefrom are also included in nonoperating income, unless such assets and liabilities have been designated to act as hedges of ship commitments or net investments in our foreign operations, respectively. Net foreign currency transaction exchange gains or losses included in nonoperating income were insignificant in fiscal 2010 and 2009. In addition, the unrealized exchange gains or losses on our long-term intercompany or inter-division receivables or payables denominated in a non-functional currency, which are not expected to be repaid in the foreseeable future and are therefore considered to form part of our net investments, are recorded as foreign currency translation adjustments, which are included in translation reserves.

Revenues and expenses of subsidiaries and divisions and their assets and liabilities that have functional currencies other than the U.S. dollar are translated into the U.S. dollar presentation currency at weighted-average and period end rates of exchange, respectively. Equity is translated at historical rates and the resulting cumulative foreign currency translation adjustments are included in translation reserves. Therefore, the U.S. dollar value of these non-equity translated items in our Group and Company financial statements will fluctuate from period to period, depending on the changing value of the dollar versus these currencies.

Derivatives and Other Financial Instruments

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

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

We classify the fair values of all our derivative contracts and the fair value of our hedged firm commitments as either current or long-term, which are included in prepaid expenses and other assets and accrued and other liabilities, depending on whether the maturity date of the derivative contract is within or beyond one year from the balance sheet date. The cash flows from derivatives treated as hedges are classified in the accompanying Statements of Cash Flows in the same category as the item being hedged.

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

Income Taxes

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

Standards, Amendments and Interpretations to Published Standards That Are Not Yet Effective

At November 30, 2010, certain new standards, amendments and interpretations to published standards had been published that will be mandatory for future accounting periods, but which have not been early adopted in these financial statements. These are set out below as follows:

- IAS 24 (revised), "Related party disclosures," effective January 1, 2011;
- Amendments to IAS 32 "Financial instruments: Presentation on classification of rights issues," effective for annual periods beginning on or after February 1, 2010;
- Amendments to IFRS 1 for additional exemptions, effective for annual periods beginning on or after January 1, 2010;
- Amendment to IFRS 2, "Share-based payments – Group cash-settled share-based payment transactions," effective for annual periods beginning on or after 1 January 1, 2010;
- IFRIC 13, "Customer loyalty programmes relating to IAS 18, Revenue," effective for annual periods beginning on or after January 1, 2010;

- Amendment to IFRIC 14, "Pre-payments of a Minimum Funding Requirement," effective January 1, 2011;
- IFRIC 17, "Distributions of non-cash assets to owners," effective for annual periods beginning on or after July 1, 2009;
- IFRIC 18, "Transfers of assets from customers," effective for transfer of assets received on or after July 1, 2009; and
- IFRIC 19, "Extinguishing financial liabilities with equity instruments," effective for annual periods beginning on or after July 1, 2010.

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

2. Segment Information

The Group has adopted IFRS 8 on December 1, 2009. IFRS 8 requires that an entity's operating segments are reported on the same basis as the internally reported information that is provided to the chief operating decision maker ("CODM"). The CODM has been identified as the Chairman of the Board of Directors and Chief Executive Officer of the Group, who is also the CODM of Carnival Corporation & plc. Following the adoption of IFRS 8, the Group has revised its previously reported operating segment information to be in conformity with IFRS 8.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc. Accordingly, decisions to allocate resources and assess performance for Carnival plc are taken by the CODM upon review of the U.S. GAAP segment results across all of Carnival Corporation & plc's cruise brands and other segments. These Carnival Corporation & plc segments consist of (1) North America cruise brands, (2) Europe, Australia & Asia cruise brands ("EAA"), (3) Cruise Support and (4) Tour and Other. Substantially all of the Group's results are included within the EAA cruise brand segment.

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

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

	Revenues	Operating expenses	Selling and administrative	Depreciation and amortisation	Operating income (loss)	Capital expenditures	Total assets
2010							
North America Cruise Brands	$ 8,379	$ 5,294	$ 902	$ 843	$ 1,340	$ 1,082	$ 21,239
EAA Cruise Brands	5,730	3,572	584	505	1,069	2,260	14,849
Cruise Support	79	14	98	27	(60)	218	802
Tour and Other	403	334	30	41	(2)	19	600 (b)
Intersegment elimination (a)	(122)	(122)	-	-	-	-	-
Carnival Corporation & plc – U.S. GAAP	14,469	9,092	1,614	1,416	2,347	3,579	37,490
Carnival Corporation, U.S. GAAP vs. IFRS differences and eliminations (c)	(7,996)	(4,896)	(996)	(844)	(1,260)	(1,116)	(22,389)
Carnival plc – IFRS	$ 6,473	$ 4,196	$ 618	$ 572	$ 1,087	$ 2,463	$ 15,101
2009							
North America Cruise Brands	$ 7,815	$ 4,944	$ 896	$ 791	$ 1,184	$ 1,474	$ 21,073
EAA Cruise Brands	5,280	3,215	573	458	1,034	1,823	14,659
Cruise Support	78	12	89	25	(48)	58	593
Tour and Other	427	376	32	35	(16)	25	510 (b)
Intersegment elimination (a)	(140)	(140)	-	-	-	-	-
Carnival Corporation & plc – U.S. GAAP	13,460	8,407	1,590	1,309	2,154	3,380	36,835
Carnival Corporation, U.S. GAAP vs. IFRS differences and eliminations (c)	(7,476)	(4,612)	(978)	(793)	(1,122)	(1,565)	(22,158)
Carnival plc – IFRS	$ 5,984	$ 3,795	$ 612	$ 516	$ 1,032	$ 1,815	$ 14,677

(a) A portion of Tour and Other segment revenues include revenues for the cruise portion of a tour, when a cruise is sold along with a land tour package by Holland America Princess Alaska Tours, and shore excursion and port hospitality services provided to cruise guests by this tour company. These intersegment revenues, which are included in full in the cruise brand segments, are eliminated directly against the Tour and Other segment revenues and operating expenses in the line "Intersegment elimination."

(b) Tour and Other segment assets primarily include hotels and lodges in the state of Alaska and the Canadian Yukon, motorcoaches used for sightseeing and charters, domed rail cars, which run on the Alaska Railroad, and Carnival Corporation & plc owned ships under long-term charter to an unaffiliated entity. At November 30, 2010, the former *Costa Europa* and Holland America Line's former *Noordam* are being chartered-out.

(c) Carnival Corporation consists primarily of cruise brands that do not form part of the Group, however, these brands are included in Carnival Corporation & plc and thus represent substantially all of the reconciling items. These Carnival Corporation cruise brands are Carnival Cruise Lines, Princess, Holland America Line and Seabourn. The U.S. GAAP vs. IFRS accounting differences principally relate to differences in the carrying value of ships and related depreciation expenses and are not material to our financial statements.

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

Our revenues by geographic area or countries were as follows (in millions):

	Years ended November 30,	
	2010	**2009**
North America	$ 930	$ 889
Europe	4,816	4,511
Australia & Asia	508	333
Other	219	251
	$ 6,473	$ 5,984

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

3. Income, Expense and Auditor Remuneration

Operating lease expenses were as follows (in millions):

	Years Ended November 30,	
	2010	**2009**
Ships	$ 141	$ 150
Property	26	28
Other	5	5
	$ 172	$ 183

Auditors' remuneration was as follows (in millions):

Fees payable to the Company's auditor for the audit of the Group and Company financial statements	$ 1	$ 1
Fees payable to the Company's auditors and their associates for the audit of the Company's subsidiaries pursuant to legislation	1	1
	$ 2	$ 2

Other ship operating costs in fiscal 2009 included a gain of $32 million, net of transaction costs, from the sale of P&O Cruises (UK)'s *Artemis* in October 2009 (see note 9). The amount and timing of the recognition of the gain on sale of *Artemis* under U.S. GAAP was different than under IFRS due to differences in *Artemis'* cost basis and gain recognition principles. P&O Cruises (UK) continues to operate *Artemis* under a charter agreement until April 2011.

In fiscal 2010, Cunard recognized a $17 million gain as a reduction of other ship operating expenses from their litigation settlement with Converteam related to *Queen Mary 2's* pod propulsion system.

The $29 million impairment loss in fiscal 2009 arose as a result of the ten-year charter of *Costa Europa* to an unrelated entity that commenced in April 2010. As a result of the requirement to discount expected future cash flows in determining impairment under IFRS, the projected future recoverable amount, applying a value in use calculation with a 10% discount rate, at the time of signing the charter was less than *Costa Europa's* carrying value. There was no *Costa Europa* impairment under U.S. GAAP due to differences between IFRS and U.S. GAAP in measuring impairments of long-lived assets.

Selling and administrative expenses include advertising and promotion expenses of $244 million and $239 million and payroll and related expenses of $284 million and $264 million in fiscal 2010 and 2009, respectively.

The income attributable to shareholders of the Company was $644 million and $226 million in fiscal 2010 and 2009, respectively. Retained earnings is comprised of $2.0 billion and $1.4 billion of distributable reserves at November 30, 2010 and 2009, respectively, and $1.7 billion of non-distributable reserves at November 30, 2010 and 2009.

4. Finance and Other Nonoperating (Expense) Income, Net

Finance and other nonoperating (expense) income, net was as follows (in millions):

	Years Ended November 30,	
	2010	**2009**
Interest income	$ 6	$ 8
Interest expense	(182)	(175)
Capitalised interest	15	20
Interest expense, net of capitalised interest	(167)	(155)
Other (expense) income, net	(6)	6
	$ (167)	$ (141)

Capitalised interest relates to property and equipment under construction, substantially all for new ships. The capitalisation rate is based on the weighted-average interest rates applicable to borrowings within the DLC during each period. During fiscal 2010 and 2009, the average capitalisation rate was 4.2% and 4.3%, respectively.

5. Income Taxes

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

	Years Ended November 30, 2010	2009
Current taxes		
UK Corporation	$ 1	$ (1)
Overseas	9	(13)
Total current taxes	$ 10	$ (14)
Deferred taxes		
UK	$ 1	$ 1
Overseas	7	(3)
Total deferred taxes	$ 8	$ (2)
Total UK taxes	$ 2	$ -
Total overseas taxes	16	(16)
Income tax benefit (expense), net	$ 18	$ (16)

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

	Years Ended November 30, 2010	2009
Income before income taxes	$ 920	$ 891
Notional tax expense at UK standard tax rate (2010 and 2009-28.0%)	(258)	(249)
Effect of Italian tonnage tax and other overseas taxes at different rates	158	165
Effect of Italian income tax incentive	30	-
Effect of UK tonnage tax and other UK differences	88	68
	$ 18	$ (16)

Carnival plc is tax resident in the UK and is primarily engaged in the business of operating passenger vessels in international transportation. Generally, income from, or incidental to, the international operation of vessels is subject to preferential tax regimes in the countries where the vessel owning and operating companies are incorporated, and generally exempt from income tax in other countries where the vessels call due to the application of income tax treaties or domestic law. Income that we earn which is not associated with the international operation of ships or earned in countries without preferential tax regimes may be subject to income tax in the countries where such income is earned.

All of our cruise brands are subject to income tax under the tonnage tax regimes of either Italy or the UK, including AIDA and Ibero brands, which are both divisions of Costa. Under both tonnage tax regimes, shipping profits, as defined under the applicable law, are subject to corporation tax by reference to the net tonnage of qualifying vessels. Income not considered to be shipping profits under tonnage tax rules is taxable under either the Italian tax regime applicable to Italian registered ships or the normal UK income tax rules. Ibero is also subject to a preferential Portuguese income tax applicable to international shipping operations. We believe that substantially all of the ordinary income attributable to our brands constitutes shipping profits and, accordingly, Italian, Portuguese and UK income tax expenses for these operations have been minimal under the existing tax regimes. In addition, the majority of AIDA's profits are exempt from German corporation taxes by virtue of the Italy/Germany income tax treaty. Ibero's Portuguese and Spanish operations are minimal and, therefore, its

Portuguese and Spanish income taxes are minimal. In fiscal 2010, AIDA and Costa recognized a $30 million income tax benefit from an Italian investment incentive related to certain of their newbuild expenditures.

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

Australian Income Tax

P&O Cruises (Australia) is a division of Carnival plc, and the shipping profit income from this operation is subject to UK tonnage tax as discussed above. Substantially all of this operation's income is exempt from Australian corporation taxes by virtue of the UK/Australian income tax treaty. P&O Cruises (Australia)'s non shipping profits are minimal.

U.S. Federal and State Income Taxes

The hotel, transportation and tour business of Holland America Princess Alaska Tours is taxed at the applicable U.S. federal and state corporate income tax rates, which approximates 39%.

6. Dividends

In October 2008 at the height of the financial crisis, the Carnival Corporation and Carnival plc Boards of Directors voted to suspend their quarterly dividends beginning March 2009, and maintained such dividend suspension throughout fiscal 2009. At the January, April, July and October 2010 Boards of Directors meetings it was decided to declare March, June, September and December 2010 quarterly dividends at $0.10 per share. Our quarterly dividend declarations amounted to $17 million, $17 million, $18 million and $19 million for each of the quarters in fiscal 2010, respectively, or an aggregate of $71 million. At the January 2011 Boards of Directors meetings it was decided to increase the March 2011 quarterly dividend to $0.25 per share.

7. Earnings per Share

Our basic and diluted earnings per share, without rounding, were computed as follows (in millions, except per share data):

	Years Ended November 30,	
	2010	**2009**
Net income for basic and diluted earnings per share	$ 938	$ 875
Weighted-average ordinary shares outstanding	213	213
Dilutive effect of equity plans	1	-
Diluted weighted-average shares outstanding	214	213
Basic earnings per share	$ 4.39	$ 4.10
Diluted earnings per share	$ 4.38	$ 4.10

As described in note 1, Carnival Corporation and Carnival plc operate as a DLC. 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 ordinary share. For this reason the U.S. GAAP earnings per share for Carnival Corporation & plc are provided for information on page 1.

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

The dilutive shares relate to ordinary shares to be issued on the exercise of employee share options and vesting of RSUs (see note 21).

8. Cash and Cash Equivalents

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

	Group		Company	
	November 30,			
	2010	2009	2010	2009
Cash on ships	$ 59	$ 50	$ 28	$ 21
Cash used for current operations, principally interest bearing	121	167	38	43
Money market funds and time deposits	148	214	115	211
	$ 328	$ 431	$ 181	$ 275

9. Trade and Other Receivables, Net

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

	Group		Company	
	November 30,			
	2010	2009	2010	2009
Trade, net	$ 140	$ 197	$ 67	$ 71
VAT	22	83	15	18
Income taxes	6	6	-	-
Other	9	59	4	53
	$ 177	$ 345	$ 86	$ 142

At November 30, 2009, Group and Company other receivables included $51 million due from the buyer of *Artemis*, which was collected in January 2010.

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

	Group		Company	
	November 30,			
	2010	2009	2010	2009
Current	$ 128	$ 162	$ 67	$ 74
1 to 30 days	7	16	-	2
31 to 90 days	6	16	1	1
91 to 180 days	2	11	-	1
Over 180 days	11	13	-	-
	$ 154	$ 218	$ 68	$ 78

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

	Group 2010	Group 2009	Company 2010	Company 2009
Allowance for bad debts at December 1,	$ 21	$ 15	$ 7	$ 4
Exchange movements	(2)	2	-	1
Expenses	3	6	-	3
Write-offs	(8)	(2)	(6)	(1)
Allowance for bad debts at November 30,	$ 14	$ 21	$ 1	$ 7

10. Inventories, Net

Inventories, net were as follows (in millions):

	Group		Company	
	November 30,			
	2010	2009	2010	2009
Food and beverage provisions and hotel and restaurant products and supplies, net	$ 79	$ 78	$ 32	$ 26
Fuel	35	27	16	10
Merchandise held for resale, net	22	29	2	3
	$ 136	$ 134	$ 50	$ 39

The amount of inventories recognised as a cost or expense during fiscal 2010 and 2009 was $1.2 billion and $980 million, respectively.

11. Property and Equipment

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

	Group			Company		
	Ships and ship improvements	Other property and equipment	Total	Ships and ship improvements	Other property and equipment	Total
Cost at November 30, 2008	$ 11,082	$ 1,070	$ 12,152	$ 3,963	$ 41	$ 4,004
Exchange movements	1,766	50	1,816	362	7	369
Additions	1,686	103	1,789	117	34	151
Transfer from Carnival Cruise Lines	38	-	38	-	-	-
Disposals	(216)	(57)	(273)	(202)	(14)	(216)
Cost at November 30, 2009	14,356	1,166	15,522	4,240	68	4,308
Exchange movements	(1,324)	(38)	(1,362)	(155)	(2)	(157)
Additions	2,496	73	2,569	1,253	7	1,260
Transfer to Company (a)	-	-	-	219	-	219
Disposals	(49)	(26)	(75)	(4)	(6)	(10)
Cost at November 30, 2010	$ 15,479	$ 1,175	$ 16,654	$ 5,553	$ 67	$ 5,620
Accumulated depreciation at November 30, 2008	$ (2,032)	$ (394)	$ (2,426)	$ (749)	$ (24)	$ (773)
Exchange movements	(309)	(24)	(333)	(97)	(3)	(100)
Depreciation and amortisation	(430)	(86)	(516)	(149)	(7)	(156)
Impairment (note 3)	(29)	-	(29)	-	-	-
Disposals	149	38	187	148	13	161
Accumulated depreciation at November 30, 2009	(2,651)	(466)	(3,117)	(847)	(21)	(868)
Exchange movements	226	19	245	16	-	16
Depreciation and amortisation	(485)	(87)	(572)	(163)	(10)	(173)
Transfer to Company (a)	-	-	-	(133)	-	(133)
Disposals	45	23	68	-	6	6
Accumulated depreciation at November 30, 2010	$ (2,865)	$ (511)	$ (3,376)	$ (1,127)	$ (25)	$ (1,152)
Net book value						
At November 30, 2010	$ 12,614	$ 664	$ 13,278	$ 4,426	$ 42	$ 4,468
At November 30, 2009	$ 11,705	$ 700	$ 12,405	$ 3,393	$ 47	$ 3,440

(a) During fiscal 2010, the Ocean Village brand was phased out with the transfer of its last ship to P&O Cruises (Australia).

During fiscal 2010, the Group took delivery of four new ships, *AIDAblu,* P&O Cruises (UK)'s *Azura, Costa Deliziosa,* and Cunard's *Queen Elizabeth,* and made stage payments for ships under construction.

At November 30, 2010 and 2009, ships under construction included above totalled $403 million and $516 million, respectively. At November 30, 2010 and 2009, the net book value of ship assets is after deducting government construction grants of $172 million and $206 million, respectively. At November 30, 2010 and 2009, the book value of our land was $24 million and $25 million, respectively.

12. Intangibles

Intangible movements were as follows (in millions):

	Group			Company
	Goodwill	Trademarks	Total	Goodwill
At November 30, 2008	$ 805	$ 32	$ 837	$ 169
Exchange movements	148	5	153	12
At November 30, 2009	953	37	990	181
Exchange movements	(113)	(3)	(116)	(10)
At November 30, 2010	$ 840	$ 34	$ 874	$ 171

Our trademark balances relate to Ibero and have an indefinite useful life. We performed an annual impairment review as of July 31, 2010 by comparing the estimated recoverable amount of Ibero's trademarks to their carrying values. Ibero's trademark recoverable amounts exceeded their carrying values and, therefore, were not impaired. We estimated the recoverable amounts based upon a discounted future cash flow analysis, which estimated the amount of royalties that we are relieved from having to pay for the use of Ibero's trademarks, based upon forecasted cruise revenues and royalty rates that a market participant would forecast. The royalty rate was estimated primarily using comparable royalty agreements for similar industries.

At November 30, 2010 and 2009, each of our CGUs' or cruise brands' goodwill balance was as follows: AIDA, $153 million (2009 $172 million), Costa, $363 million (2009 $426 million), Cunard, $171 million (2009 $181 million) and Ibero, $153 million (2009 $174 million). As of July 31, 2010, we performed our annual impairment reviews to assess the recoverable amount of each cruise brand's goodwill. For the July 31, 2010 impairment reviews, the estimated recoverable amounts were based on the higher of the cruise brand's fair value less costs to sell and its value in use. Fair values were determined using 10-year discounted future cash flow analysis, at the estimated weighted-average cost of capital for comparable publicly-traded companies, adjusted for the risk attributable to the cruise brand including the geographic region in which it operates. These annual impairment reviews resulted in no impairments.

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

- net revenue yields and net cruise costs including fuel prices;
- capacity changes, including the expected deployment of vessels into, or out of, the cruise brand;
- weighted-average cost of capital, which ranged from 10% to 12%; and
- terminal values.

The cash flows were estimated based on those a market participant would expect to derive from the businesses. For all the cruise brands, we used past experience, among other things, in determining an estimate of future cash flows. However, our forecasted net revenue yield increase for Ibero was higher than Ibero's past experience primarily as a result of expected improvements in the vacation markets from which Ibero primarily sources its guests, and operational and other efficiencies derived from the continuing restructuring of Ibero.

We believe the impairment reviews demonstrated significant headroom over each of our cruise brand's recoverable amounts, except for Ibero. At July 31, 2010 and September 30, 2009, Ibero's IFRS recoverable amount exceeded its carrying value by 10.6%, or $68 million and 3.5%, or $24 million, respectively. It should be noted that the IFRS carrying value is higher than the U.S. GAAP carrying value, as a result of a higher IFRS ship cost basis arising from the sale of Carnival Cruise Lines' *Celebration* to Ibero in May 2008. Therefore, the U.S. GAAP headroom was $73 million and $84 million higher than the IFRS headroom at July 31, 2010 and September 30, 2009, respectively.

We performed a sensitivity analysis to identify the magnitude of the changes to Ibero's principal discounted cash flow assumptions that would eliminate this excess. Based on this analysis, relatively minor changes to these assumptions would lead to an Ibero impairment.

Given the weakness of the Spanish economy and its impact on the vacation industry, it is possible that Ibero's goodwill could become impaired in the future if the Spanish vacation industry does not recover enough to enable Ibero to increase its cruise pricing. The recoverability of Ibero's goodwill is not without doubt because it is difficult to predict the timing of the resurgence of the Spanish economy and its vacation industry. The status of the Ibero operation will continue to be periodically monitored.

There have not been any events or circumstances subsequent to July 31, 2010, which we believe would require us to perform interim goodwill or trademark impairment reviews.

13. Other Assets

Other assets were as follows (in millions):

	Group		Company	
	November 30,			
	2010	2009	2010	2009
Other receivables, including VAT, and insurance recoverables	$ 101	$ 72	$ 2	$ -
Deferred taxes	47	22	7	5
Prepaid expenses and other	36	41	21	26
Income taxes receivable	31	39	-	2
Derivative contract receivables	11	-	11	-
	$ 226	$ 174	$ 41	$ 33

Substantially all deferred tax assets relate to net operating losses expected to be recovered against future taxable income. At November 30, 2010 and 2009, the Group had gross deferred tax assets of $132 million and $82 million, respectively, which were not recognized.

14. Investments in Subsidiaries

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

At November 30, 2008	$ 5,091
Exchange movements	382
Additions	208
At November 30, 2009	5,681
Exchange movements	(315)
At November 30, 2010	$ 5,366

During fiscal 2009, the ownership of Grand Celebration Sociedade Unipessoal Lda was transferred from our wholly owned subsidiary, Società di Crociere Jupiter S.r.l., to the Company. The purchase price for this investment was $204 million, and further details are included in note 23.

At November 30, 2010, the Company's principal operating subsidiary was Costa Crociere S.p.A., which is incorporated in Italy and is 99.98% directly owned by the Company. This subsidiary owns and operates the Costa and AIDA cruise brands.

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

15. Debt

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

	Group		Company	
	November 30,			
	2010	2009	2010	2009
Long-Term Debt				
Secured Debt	$ 1	$ 1	$ -	$ -
Unsecured Debt				
Export Credit Facilities				
Fixed rate	450	513	450	513
Euro fixed rate	467	278	-	-
Euro floating rate	190	244	190	244
Bank Loans				
Fixed rate	149	149	149	149
Euro fixed rate	11	38	11	38
Floating rate	149	99	-	99
Euro floating rate	126	-	126	-
Revolver				
Floating rate	-	138	-	-
Private Placement Notes				
Euro fixed rate	246	278	-	-
Publicly-Traded Notes				
Euro fixed rate	989	1,117	989	1,117
Sterling fixed rate	316	329	316	329
Other	2	2	-	-
Long-Term Debt	3,096	3,186	2,231	2,489
Current Portion of Long-Term Debt				
Unsecured Debt				
Export Credit Facilities				
Fixed rate	67	67	67	67
Euro fixed rate	39	25	-	-
Euro floating rate	26	30	26	30
Bank Loans				
Fixed rate	1	1	-	1
Euro fixed rate	23	26	23	26
Revolver				
Floating rate	5	74	-	-
Euro floating rate	-	52	-	52
Private Placement Notes				
Euro fixed rate	2	2	-	-
Publicly-Traded Notes				
Euro fixed rate	1	1	1	1
Sterling fixed rate	10	10	10	10
Current Portion of Long-Term Debt	174	288	127	187
Short-Term Borrowings				
Commercial paper	355	-	355	-
Euro bank loans	45	39	-	-
Short-Term Borrowings	400	39	355	-
Total Debt	$ 3,670	$ 3,513	$ 2,713	$ 2,676

At November 30, 2010, the Group and Company's debt decreased $267 million and $192 million as a result of the change in currency exchange rates of the U.S. dollar to the euro and sterling at November 30, 2010 compared to November 30, 2009.

The previous debt table does not include the impact of our foreign currency and interest rate swaps. Amounts falling due within one year include accrued interest. At November 30, 2010 and 2009, total debt in the Group includes $896 million and $676 million, respectively, of floating rate debt and in the Company includes $697 million and $425 million, respectively, of floating rate debt. The floating rate is based on LIBOR or EURIBOR. Further detail relating to the Group's policies on managing currency and interest rate risks and additional information on debt and committed financings are provided in notes 5 and 10 of the Carnival Corporation & plc financial statements and within the MD&A section of the DLC Annual Report and notes 1 and 26.

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

	Group		Company	
	November 30,			
Fiscal	**2010**	**2009**	**2010**	**2009**
2010		$ 327		$ 187
2011	$ 574	136	$ 482	116
2012	505	755	414	531
2013	1,264	1,229	1,079	1,212
2014	427	292	366	241
2015	124	112	88	92
Thereafter	776	662	284	297
	$ 3,670	$ 3,513	$ 2,713	$ 2,676

Debt is denominated in three currencies, including the effect of foreign currency swaps, as follows (in millions):

	Group		Company	
	November 30,			
	2010	**2009**	**2010**	**2009**
Euro	$ 2,165	$ 2,130	$ 1,366	$ 1,508
U.S. dollar	1,179	1,044	1,021	829
Sterling	326	339	326	339
	$ 3,670	$ 3,513	$ 2,713	$ 2,676

16. Other Long-Term Liabilities

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

	Group		Company	
	November 30,			
	2010	**2009**	**2010**	**2009**
Income taxes	$ 52	$ 41	$ 6	$ 6
Deferred income taxes	42	53	-	-
Post-employment benefits (note 22)	42	77	-	40
Derivative contracts	-	20	-	20
Other	52	53	32	31
	$ 188	$ 244	$ 38	$ 97

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

Other liabilities of the Group and Company primarily include liabilities for contractual disputes and property lease obligations. These lease obligations are expected to be settled over their term. The Group's other liabilities also include guest and crew provisions.

17. Share Capital

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

	No. of Shares	Share Capital
At November 30, 2008	213,241,941	$ 354
Shares issued	91,835	-
At November 30, 2009	213,333,776	354
Shares issued	206,953	1
At November 30, 2010	213,540,729	$ 355

During fiscal 2010 and 2009, the Company issued 174,274 and 54,646 ordinary shares following the exercise of share options, for total consideration of $4 million and $2 million, and for the issuance of restricted share awards and RSUs, issued 20,002 and 18,269 ordinary shares to a former executive in connection with his deferred bonus plan and issued 12,677 and 18,920 ordinary shares in connection with the Carnival plc Employee Stock Purchase Plan, respectively. In addition, 100,000 shares were issued in fiscal 2009 to the Carnival plc Employee Benefit Trust, which is not included above as they were recorded as treasury stock.

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

Details of options over ordinary shares and RSUs granted to employees and other restricted share awards to senior managers are discussed in note 21.

18. Other Reserves

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

At November 30, 2010 and 2009, the Carnival plc Employee Benefit Trust held 55,697 and 98,106 ordinary shares of Carnival plc, respectively, with an aggregate par value of $0.1 million and $0.2 million, respectively. At November 30, 2010 and 2009, the market value of these shares was $2 million and $3 million, respectively. If they had been sold at this market value there would have been no tax liability in either fiscal 2010 or 2009 on the capital gain arising from the sale. The costs of administering the Carnival plc Employee Benefit Trust are charged to expense as incurred.

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

19. Acquisition

In July 2009, Costa Crociere S.p.A completed the purchase of the remaining 25% interest in Ibero that it did not own for $33 million, which approximated this minority interest's carrying value, and recorded this payment as a reduction to minority interests that is included within share premium.

The amounts of our minority interests were only $3 million at November 30, 2010 and 2009 and, therefore, we have included them within share premium rather than presenting them as a separate component of shareholders' equity.

20. Key Management

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

	Years Ended November 30, 2010	2009
Fees	$ 1	$ 1
Salaries and benefits	4	4
Performance related bonuses	7	6
Total short-term employment benefits	12	11
Share-based compensation	8	12
	$ 20	$ 23

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

Further details on directors' remuneration, including share options, restricted share awards, RSUs, long-term incentive plans and pension entitlements, are set out in Parts I and II of the Directors' Remuneration Report. During fiscal 2010 and 2009, no directors made gains on the exercise of options over Carnival plc ordinary shares.

21. Employees

The average number of our employees was as follows:

	Years Ended November 30, 2010	2009
Shore staff	8,016	8,407
Sea staff	27,421	24,050
	35,437	32,457

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

	Years Ended November 30, 2010	2009
Salaries, wages and benefits	$ 714	$ 709
Social security and payroll taxes	24	24
Pensions	24	11
Share-based compensation	10	10
	$ 772	$ 754

Share-based compensation included $0.6 million in fiscal 2010 and $0.7 million in fiscal 2009 that were recharged by Carnival Corporation in respect of options and RSUs granted over Carnival Corporation common stock to certain U.S.-based Carnival plc Group employees.

Equity Plans

Share options over Carnival plc ordinary shares, granted under the Carnival plc 2005 Employee Share Plan and the Carnival plc Executive Share Option Plan, typically vest three years after the date of the grant, provided the employee remains employed within Carnival Corporation & plc or upon the grantee becoming retirement eligible, and have maximum terms of up to 7 years for options granted after October 2006. Options granted prior to October 2006 have maximum terms of up to 10 years. The number and weighted-average exercise price of Carnival plc options were as follows:

	2010		2009	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding at December 1,	2,785,375	$ 48.18	2,984,404	$ 47.80
Exercised	(174,274)	$ 21.64	(54,646)	$ 25.87
Forfeited or expired	(99,168)	$ 30.70	(144,383)	$ 48.88
Outstanding at November 30,	2,511,933	$ 41.46	2,785,375	$ 48.18
Exercisable at November 30,	2,376,054	$ 41.09	2,635,850	$ 47.94

The exercise price range and weighted-average remaining life of outstanding options at November 30, 2010 were as follows:

	Number of options	Weighted-average remaining life (years)
$10.00 to $19.99	10,080	1.0
$20.00 to $29.99	275,976	2.0
$30.00 to $39.99	891,002	1.8
$40.00 to $49.99	1,334,875	3.3
Total	2,511,933	2.6

Since 2008, the Compensation Committees of the Boards of Directors have granted only restricted share awards and RSUs.

The Group awarded 254,870 and 388,247 RSUs in fiscal 2010 and 2009, respectively, to certain officers and employees. RSUs vest after three years. The Group also operates the Carnival plc Deferred Bonus and Co-Investment Matching Plan, under which certain senior managers were able to invest a percentage of their annual bonus into Carnival plc ordinary shares, with a view to receiving a matching award if certain predetermined performance targets are achieved. The compensation expense related to these RSUs and share awards is calculated by reference to the Carnival plc share price on the date of grant and expensed over the vesting period. The Group ceased allowing any of its employees to participate in the Carnival plc Deferred Bonus and Co-Investment Matching Plan, and the last awards included within this plan were issued in February 2008. The eligibility for the plan matching of these last awards was not met.

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

The obligations underlying our stock options and restricted stock are settled through the issuance of Carnival plc ordinary shares.

22. Post-Employment Benefits

Employee Benefit Plans

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

The Company's UK Plan's assets are managed on behalf of the trustee by independent fund managers. This plan is closed to new membership. The UK Plan is funded pursuant to UK regulations.

The MNOPF is a funded defined benefit multiemployer plan in which British officers employed by companies within the Group have participated and continue to participate. This plan is closed to new membership. The MNOPF is divided into two sections, the "New Section" and the "Old Section," each of which covers a different group of participants. The New Section was the subject of a court ruling in 2005 which established, at that time, the allocation of the fund to participating employers and, accordingly, this New Section of the plan is accounted for as a defined benefit plan.

The Old Section has been closed to benefit accrual since 1978 and covers predecessor employers' officers employed prior to 1978. The Group's share, if any, of the Old Section is currently not known. At November 30, 2010 and 2009, we believe the plan has a surplus. If the Old Section has a funding deficit in the future, then it could result in the fund's trustee invoicing us for amounts, if they believe the Fund requires further contributions. As long as there continues to be significant uncertainty over the participating employers' share of any funding requirements, the Group will account for this Old Section on a contribution basis, until the underlying assets and liabilities of the Old Section, and the Group's share of this deficit, are able to be identified on a consistent and reasonable basis.

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

	November 30,	
	2010	2009
Long-term assets		
Employee benefit plan surplus	$ 1	$ -
Long-term liabilities		
Employee benefit plan deficits	$ -	$ 40
Other post-employment benefits	42	37
	$ 42	$ 77

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

The pension liabilities for accounting purposes were calculated at November 30, 2010 and 2009 by the Group's qualified actuary. The principal assumptions used were as follows:

	UK Plan (%)		MNOPF New Section (%)	
	2010	2009	2010	2009
Discount rates	5.5	5.4	5.5	5.4
Expected rates of salary increases	5.0	5.0	5.0	5.0
Pension increases				
Deferment	2.8	3.5	2.8	3.5
Payment	3.4	3.5	3.4	3.5
Inflation	3.5	3.5	3.5	3.5
Expected rates of return on plan assets	5.8	5.6	6.7	6.7

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

	November 30,	
	2010	2009
Male	21.9	19.4
Female	24.3	23.0

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

	November 30,	
	2010	2009
Male	24.0	20.8
Female	26.3	24.6

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

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

	November 30,				
	2010	2009	2008	2007	2006
Present value of obligations	$ (306)	$ (307)	$ (183)	$ (274)	$ (257)
Fair value of plans' assets	307	267	190	296	220
Net assets (liabilities) recognised in the balance sheets	$ 1	$ (40)	$ 7	$ 22	$ (37)

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

	Fiscal				
	2010	2009	2008	2007	2006
Gains (losses) on plans' liabilities	$ 19	$ (86)	$ 28	$ (16)	$ (10)
(Losses) gains on plans' assets, including restriction on assets	(3)	27	(41)	12	5
	$ 16	$ (59)	$ (13)	$ (4)	$ (5)

The cumulative actuarial losses recognised in the accompanying Statements of Shareholder's Equity at November 30, 2010 and 2009 for these plans were $24 million and $40 million, respectively.

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

	Years ended November 30, 2010	Years ended November 30, 2009
Current service cost	$ 7	$ 4
Interest cost	15	13
Expected return on plan assets	(15)	(14)
Past service cost	-	1
Total included within payroll and related expenses	$ 7	$ 4

The estimated contributions expected to be paid into these plans during fiscal 2011 are $6 million, excluding MNOPF New Section special assessments, if any.

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

	2010	2009
Net (liabilities) assets at December 1,	$ (40)	$ 7
Exchange movements	2	9
Expenses (see above)	(7)	(4)
Amounts recognised in the accompanying Group Statements of Comprehensive Income	16	(59)
Employer contributions	30	7
Net assets (liabilities) at November 30,	$ 1	$ (40)

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

	2010	2009
Present value of obligations at December 1,	$ 307	$ 183
Exchange movements	(16)	4
Current service cost	7	4
Interest cost	15	13
Contributions from employees	1	1
Past service cost	-	1
Benefits paid	(10)	(8)
Actuarial (gains) losses on plan liabilities	(19)	86
Adjustment in Group share of MNOPF	21	23
Present value of obligations at November 30,	$ 306	$ 307

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

	2010	2009
Fair value of plans' assets at December 1,	$ 267	$ 190
Exchange movements	(14)	13
Expected return on plan assets	15	14
Employer contributions	30	7
Contributions from employees	1	1
Benefits paid	(10)	(8)
Actuarial gains on plan assets (a)	7	27
Restriction on assets	(10)	-
Adjustment in Group's share of MNOPF	21	23
Fair value of plans' assets at November 30,	$ 307	$ 267

(a) In fiscal 2010, the UK government announced that in the future it will use the Consumer Price Index rather than the Retail Prices Index for the purposes of determining statutory minimum pension increases for private sector occupational pension plans. The Group's UK Plan rules specify that pensions in deferment will increase in line with the annual statutory order published by the UK government. The Group has therefore amended its assumption for increases to pensions in deferment to reflect this change. The resulting reduction in the present value of plan liabilities of $9 million is included as a change in assumptions within other comprehensive income in the accompanying Group Statements of Comprehensive Income.

The actual gains (losses) on these plans' assets in fiscal 2010 and 2009 were $22 million and $41 million, respectively.

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

	November 30,			
	2010		2009	
		%		%
Equities	$ 107	33.8	$ 88	33.1
Property	8	2.5	6	2.2
Corporate bonds	73	23.0	104	39.0
Fixed interest gilts	129	40.7	69	25.7
	317		267	
Restriction on assets	(10)		-	
	$ 307		$ 267	

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

Other Post-Employment Benefits

At November 30, 2010 and 2009, other post-employment benefit liabilities included $13 million and $14 million for a deferred bonus agreement to make annual payments to a former executive director through 2019. Further details of this arrangement are included in Part II of the Directors' Remuneration Report. In addition, under Italian employment legislation Costa is required to maintain a staff leaving indemnity. Under the indemnity employees are entitled to receive a payment, calculated by reference to their length of service and salary up to December 31, 2006, if they cease employment with Costa. These payments are not conditional on employees reaching normal retirement age and following amendments to the legislation generate no further benefit accrual after December 31, 2006. At November 30, 2010 and 2009, $13 million and $18 million had been accrued as a liability by Costa, respectively.

Defined Contribution Plans

The Group has several defined contribution plans available to most of its employees. During fiscal 2010 and 2009, the Group expensed $5 million and $4 million, respectively, for these plans.

23. Related Party Transactions

Group

Within the DLC, there are instances where Carnival Corporation group companies provide services to the Group, and also where the Group provides services to the Carnival Corporation group. During 2010 and 2009, the Group purchased $47 million and $55 million, respectively, in cruises from the Carnival Corporation group and packaged these cruises with land tours, which were then sold by Holland America Princess Alaska Tours. Also during 2010 and 2009, the Carnival Corporation group purchased $58 million and $68 million, respectively, in land tours from the Group and packaged them with cruises, which were then sold by Princess. In addition during 2010 and 2009, the Group sold $22 million and $25 million, respectively, of pre and post cruise vacations, shore excursions and transportation services to the Carnival Corporation group. Finally, the Group participates in Carnival Corporation & plc's group risk sharing programs related to hull and machinery and crew and guest claim risks. These transactions represented the most significant trading relationships between the two groups.

In November 2009, the Group purchased its vessel *Grand Holiday* from Carnival Cruise Lines for $38 million. In May 2008, the Group purchased its vessel *Grand Celebration* from Carnival Cruise Lines for $158 million. The consideration for both these purchases was settled in cash.

During fiscal 2010 and 2009, the Group and Company had multi-year ship charter agreements with Princess. The total annual charter payments to Princess in fiscal 2010 and 2009 were $131 million and $149 million, respectively. In addition, in November 2009 Carnival FC B.V., a wholly owned subsidiary of the Company, acquired an investment in the charter rights for two vessels operated by Holland America Line for $73 million, which amount is included in "Prepaid expenses and other" in the November 30, 2009 balance sheet. These rights entitle Carnival FC B.V. to receive a return on its investment through the collection of charter payments in an aggregate amount of $74 million over the approximate one-year term of the charter. At November 30, 2010, the amount remaining in the Carnival FC B.V. balance sheet was insignificant.

At November 30, 2010 and 2009, the Group owed $1.4 billion and $1.5 billion, respectively, to the Carnival Corporation group, which was unsecured. Of the total Group liability to the Carnival Corporation group at November 30, 2010 $1.0 billion is euro-denominated, repayable on demand and bears interest, and the remaining balance of $421 million is non-interest bearing and is also repayable on demand. During fiscal 2010, Carnival Investments Limited, a wholly-owned subsidiary of Carnival Corporation, sold 14.8 million shares in Carnival plc for $545 million under the Stock Swap Program. Finally at November 30, 2010 and 2009, Carnival Corporation owned 1,115,450, or 0.5% of the Company's ordinary shares, which are non-voting. At November 30, 2010 and 2009, Carnival Investments Limited, owned 30,375,744, or 14.2%, and 45,130,740, or 21.2%, respectively, of the Company's ordinary shares, which are also non-voting. In fiscal 2010 and 2009, Carnival Corporation and Carnival Investments Limited both waived their rights to dividends on these Carnival plc ordinary shares.

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 the Directors' Remuneration Report and any relevant transactions are given in the "Certain Relationships and Related Party Transactions" section, both of which are included within the Proxy Statement. The aggregate emoluments of the Group's key management is shown in note 20.

Company

The key management personnel of the Company comprise members of the Board of Directors. Except for some share-based compensation and some fees for UK-based services, the directors did not receive any remuneration from the Company in fiscal 2010 and 2009, as their emoluments were borne by other companies within the DLC. Details of the Company's share-based compensation to directors are disclosed in the Directors' Remuneration Report, which is included in the Proxy Statement. The Company did not have any transactions with the directors during fiscal 2010 and 2009.

Transactions with Subsidiaries

The Company enters into loans with its subsidiaries at both fixed and floating rates of interest, generally at rates agreed to between the parties from time to time and are generally repayable on demand. In fiscal 2010 and 2009, the net cash outflows on loans with other Group companies and the Carnival Corporation group were $144 million and $134 million, respectively. Net balances arising from transactions with subsidiaries are set out on the Company's balance sheets.

During November 2009, the Company purchased 100% of the share capital of Grand Celebration Sociedade Unipessoal Lda from its subsidiary Società di Crociere Jupiter S.r.l. The $204 million purchase price was settled by a cash payment of $33 million, with the remaining $175 million included in "Amounts owed to subsidiaries" in the November 30, 2009 balance sheet.

24. Commitments

Group

At November 30, 2010 and 2009, the Group had contracted capital commitments relating to ship construction contracts amounting to $2.5 billion and $4.8 billion, respectively. Ship capital commitments include contract payments to the shipyards, design and engineering fees, construction oversight costs, various owner supplied items and capitalised interest. At November 30, 2010, our future cruise ship commitments, aggregated based on the ship delivery date, are expected to be $1.0 billion in 2011, $1.1 billion in 2012 and $428 million in 2013.

Future minimum lease commitments, aggregated based on the lease expiration period, for noncancellable operating leases are as follows (in millions):

	November 30,	
Fiscal	**2010**	**2009**
2010		$ 135
2011	$ 170	19
2012	2	7
2013	5	3
2014	11	20
2015	5	1
Thereafter	117	126
Total	$ 310	$ 311

In addition at November 30, 2010 and 2009, the Group had port facility commitments, aggregated based on the facility expiration period, of $375 million and $410 million, respectively, expiring after five years.

Company

At November 30, 2009, the Company had $1.3 billion of contracted capital commitments relating to ship construction contracts, which expired in fiscal 2010 with the delivery of the ships. Ship capital commitments included contract payments to the shipyards, design and engineering fees, construction oversight costs, various owner supplied items and capitalised interest.

25. Contingent Liabilities

As part of the DLC arrangement, 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 financial statements. The fair value of these guarantees within the DLC arrangement is not significant at November 30, 2010 or 2009, and they are not expected to result in any material loss.

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

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

26. Financial Instruments

As a result of the DLC arrangement and the cross guarantees provided to and from Carnival Corporation, the additional disclosures included within notes 3, 5 and 10 of the Carnival Corporation & plc financial statements and within the MD&A section of the DLC Annual Report should be considered in evaluating the possible effects of financial instruments on the Group's financial position and performance.

Financial assets were as follows (in millions):

	Group		Company	
	November 30,			
	2010	2009	2010	2009
Cash and cash equivalents	$ 328	$ 431	$ 181	$ 275
Loans and receivables:				
Current trade receivables, net	140	197	67	71
Current other receivables and insurance recoverables	13	58	4	53
Amounts owed by subsidiaries	-	-	56	57
Long-term other receivables and insurance recoverables	37	56	2	-
Derivative contract receivables	17	15	17	15
	$ 535	$ 757	$ 327	$ 471

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

The summary of the maturity profiles of the financial liabilities at November 30, 2010 and 2009 was as follows (in millions):

Group

2010	**2011**	**2012**	**2013**	**2014**	**2015**	**There-after**	**Total**
Floating rate debt	$ 441	$ 37	$ 185	$ 127	$ 30	$ 133	$ 953
Fixed rate debt	251	606	1,337	172	139	810	3,315
Undiscounted cash flow obligations of debt, including future interest	692	643	1,522	299	169	943	4,268
Amounts owed to Carnival Corporation	1,442	-	-	-	-	-	1,442
Trade payables, accrued liabilities and other	756	-	-	-	-	-	756
Other liabilities	10	15	10	10	10	38	93
At November 30, 2010	$ 2,900	$ 658	$ 1,532	$ 309	$ 179	$ 981	$ 6,559

2009	**2010**	**2011**	**2012**	**2013**	**2014**	**There-after**	**Total**
Floating rate debt	$ 224	$ 63	$ 633	$ 36	$ 36	$ 147	$ 1,139
Fixed rate debt	226	221	266	1,450	154	762	3,079
Undiscounted cash flow obligations of debt, including future interest	450	284	899	1,486	190	909	4,218
Amounts owed to Carnival Corporation	1,459	-	-	-	-	-	1,459
Trade payables, accrued liabilities and other	678	-	-	-	-	-	678
Other liabilities	2	9	4	3	4	44	66
At November 30, 2009	$ 2,589	$ 293	$ 903	$1,489	$ 194	$ 953	$ 6,421
Derivative contracts							
Gross cash outflows	$ 43	$ 41	$ 39	$ 37	$ 35	$ 95	$ 290
Gross cash inflows	$ 37	$ 36	$ 35	$ 33	$ 32	$ 89	$ 262

Company

2010	2011	2012	2013	2014	2015	There-after	Total
Floating rate debt	$ 388	$ 33	$ 34	$ 127	$ 30	$ 133	$ 745
Fixed rate debt	176	475	1,269	78	76	228	2,302
Undiscounted cash flow obligations of debt, including future interest	564	508	1,303	205	106	361	3,047
Amounts owed to Carnival Corporation	374	-	-	-	-	-	374
Amounts owed to subsidiaries	2,289	-	-	-	-	-	2,289
Trade payables, accrued liabilities and other	229	-	-	-	-	-	229
Other liabilities	1	3	-	-	-	24	28
At November 30, 2010	$ 3,457	$ 511	$ 1,303	$ 205	$ 106	$ 385	$ 5,967

2009	2010	2011	2012	2013	2014	There-after	Total
Floating rate debt	$ 87	$ 37	$ 139	$ 36	$ 36	$ 147	$ 482
Fixed rate debt	197	192	504	1,404	79	294	2,670
Undiscounted cash flow obligations of debt, including future interest	284	229	643	1,440	115	441	3,152
Amounts owed to Carnival Corporation	317	-	-	-	-	-	317
Amounts owed to subsidiaries	2,374	-	-	-	-	-	2,374
Trade payables, accrued liabilities and other	193	-	-	-	-	-	193
Other liabilities	-	2	-	-	-	26	28
At November 30, 2009	$ 3,168	$ 231	$ 643	$ 1,440	$ 115	$ 467	$ 6,064
Derivative contracts							
Gross cash outflows	$ 43	$ 41	$ 39	$ 37	$ 35	$ 95	$ 290
Gross cash inflows	$ 37	$ 36	$ 35	$ 33	$ 32	$ 89	$ 262

Substantially all financial liabilities are held at amortized cost.

As noted below the Group's liquidity is considered on a consolidated Carnival Corporation & plc basis. Included in the "Future Commitments and Funding Sources" section within the MD&A of the DLC Annual Report is a schedule of the maturity profiles of the recorded and unrecorded contractual cash obligations of Carnival Corporation & plc at November 30, 2010.

The carrying and fair values of debt at November 30, 2010 and 2009 were as follows (in millions):

Group	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate				
Euro export credit facilities	$ 216	$ 208	$ 274	$ 254
Bank loans	149	151	99	101
Euro bank loans	126	130	-	-
Revolver	5	5	212	203
Euro revolver	-	-	52	52
Commercial paper	355	355	-	-
Short-term euro bank loans	45	45	39	39
	$ 896	$ 894	$ 676	$ 649
Fixed rate				
Bearing interest at 3.0% to 3.9%	$ 150	$ 155	$ 149	$ 149
Bearing interest at 4.0% to 4.9%	2,014	2,117	2,001	1,993
Bearing interest at 6.0% to 6.9%	118	126	159	169
Bearing interest at 7.0% to 7.9%	490	523	525	544
Bearing interest above 8.0%	2	2	3	3
	$ 2,774	$ 2,923	$ 2,837	$ 2,858
Company				
Floating rate				
Euro export credit facilities	$ 216	$ 208	$ 274	$ 254
Bank loans	-	-	99	101
Euro bank loans	126	130	-	-
Euro revolver	-	-	52	52
Commercial paper	355	355	-	-
	$ 697	$ 693	$ 425	$ 407
Fixed rate				
Bearing interest at 3.0% to 3.9%	$ 150	$ 155	$ 149	$ 149
Bearing interest at 4.0% to 4.9%	1,507	1,607	1,699	1,702
Bearing interest at 6.0% to 6.9%	34	35	64	67
Bearing interest at 7.0% to 7.9%	325	331	339	336
	$ 2,016	$ 2,128	$ 2,251	$ 2,254

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

Fair Value Measurements

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

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

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

The fair value measurement of a financial asset or financial liability must reflect the nonperformance risk of the counterparty and us. Therefore, the impact of our counterparty's creditworthiness was considered when in an asset position, and our creditworthiness was considered when in a liability position in the fair value measurement of our financial instruments. Creditworthiness did not have a material impact on the fair values of our financial instruments at November 30, 2010 and 2009. Both the counterparties and we are expected to continue to perform under the contractual terms of the instruments.

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

Group	**November 30, 2010**		**November 30, 2009**	
	Level 1	**Level 2**	**Level 1**	**Level 2**
Cash equivalents (a)	$ 26	$ -	$ 204	$ -
Derivatives:				
Ship foreign currency options (b)	$ -	$ -	$ -	$ 15
Net investment hedges (c)	$ -	$ 12	$ -	$ (27)
Interest rate swaps (d)	$ -	$ 5	$ -	$ -
Company				
Cash equivalents (a)	$ 5	$ -	$ 204	$ -
Derivatives:				
Ship foreign currency options (b)	$ -	$ -	$ -	$ 15
Net investment hedges (c)	$ -	$ 12	$ -	$ (27)
Interest rate swaps (d)	$ -	$ 5	$ -	$ -

(see next page for footnotes.)

(a) Cash equivalents are comprised of money market funds.
(b) At November 30, 2009, we had foreign currency options for $410 million that were designated as a foreign currency cash flow hedges for one of our euro denominated shipbuilding contracts. These foreign currency options matured in March 2010.
(c) At November 30, 2010 and 2009, we have foreign currency forwards and swaps totaling $352 million and $290 million, respectively, that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency and were principally entered into to convert U.S. dollar-denominated debt into euro debt. These foreign currency forwards mature through July 2017, and the swaps matured in 2010.
(d) We have sterling interest rate swaps designated as fair value hedges whereby we receive fixed interest rate payments in exchange for making floating interest rate payments. At November 30, 2010 and 2009, these interest rate swap agreements effectively changed $312 million and $329 million, respectively, of fixed rate debt to GBP LIBOR-based floating rate debt. These interest rate swaps mature through June 2012.

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

Capital Management

Within the DLC arrangement the consolidated Carnival Corporations & plc group has a policy of maintaining a strong balance sheet, which enhances its financial flexibility and allows them to return free cash flow to shareholders. The Group manages its capital on a consolidated Carnival Corporation & plc basis, applying U.S. GAAP. For additional information see the "Liquidity, Financial Condition and Capital Resources" section within the MD&A of the DLC Annual Report.

The net debt to capital ratio of the Group at November 30, 2010 and 2009 were as follows (in millions):

	2010	2009
Total debt	$ 3,670	$ 3,513
Less cash and cash equivalents	(328)	(431)
Net debt	3,342	3,082
Shareholders' equity	7,920	7,782
Total capital	$ 11,262	$ 10,864
Net debt to capital ratio	29.7%	28.4%

At November 30, 2010 and 2009, the net debt to capital ratio for the consolidated Carnival Corporation & plc group, applying U.S. GAAP and prepared on the same basis as above, was 28.0% and 30.1%, respectively. Substantially all of our Group and Company debt agreements contain one or more financial covenants that require us, among other things, to maintain minimum debt service coverage and minimum shareholders' equity and to limit our debt to capital and debt to equity ratios and the amounts of our secured assets and secured and other indebtedness. Generally, if an event of default under any debt agreement occurs, including those held by Carnival Corporation, then pursuant to cross default acceleration clauses, substantially all of our outstanding debt and derivative contract payables could become due, and all debt and derivative contracts could be terminated. At November 30, 2010, we believe we were in compliance with all of our debt covenants.

Liquidity Risk

Within the DLC, liquidity and liquidity risk is assessed on a consolidated Carnival Corporation & plc basis. Within the DLC arrangement the cross guarantees between the two parent companies result in there being little substantive difference in the availability of debt financing for either Carnival Corporation or Carnival plc. Typically, the Carnival Corporation & plc debt financing agreements allow for either Carnival Corporation or Carnival plc to draw under the facilities, with the non-borrowing parent as guarantor. The ultimate decision over which of the two parent companies should draw on facilities is determined based on a number of factors, including the balance of intercompany indebtedness with Carnival Corporation. For additional information see the "Liquidity, Financial Condition and Capital Resources" section within the MD&A of the DLC Annual Report.

As noted in the "Future Commitments and Funding Sources" section within the MD&A of the DLC 2010 Annual Report, the consolidated Carnival Corporation & plc group had adjusted committed undrawn facilities of $1.8 billion available for borrowing under its revolving credit facilities and $3.7 billion under committed ship financings at November 30, 2010, in addition to $148 million of available cash and cash equivalents, excluding cash on hand of $281 million used for current operations.

Interest Rate Risk

The interest rate profiles of the book value of financial assets and liabilities at November 30, 2010 were as follows (in millions):

Group	2011	2012	2013	2014	2015	There-after	Total
Floating rate							
Cash and cash equivalents	$ 328	$ -	$ -	$ -	$ -	$ -	$ 328
Euro export credit facilities	(26)	(25)	(25)	(25)	(25)	(90)	(216)
Bank loans	-	-	(149)	-	-	-	(149)
Euro bank loans	-	-	-	(126)	-	-	(126)
Revolver	(5)	-	-	-	-	-	(5)
Commercial paper	(355)	-	-	-	-	-	(355)
Short-term euro bank loans	(45)	-	-	-	-	-	(45)
	$ (103)	$ (25)	$ (174)	$ (151)	$ (25)	$ (90)	$ (568)
Fixed rate							
Bearing interest at 3.0% to 3.9%	$ -	$ -	$ -	$ (150)	$ -	$ -	$ (150)
Bearing interest at 4.0% to 4.9%	(106)	(97)	(1,091)	(98)	(98)	(524)	(2,014)
Bearing interest at 6.0% to 6.9%	(24)	(68)	-	(26)	-	-	(118)
Bearing interest at 7.0% to 7.9%	(11)	(316)	-	-	-	(163)	(490)
Bearing interest above 8.0%	-	-	-	(1)	-	(1)	(2)
	$ (141)	$ (481)	$ (1,091)	$ (275)	$ (98)	$ (688)	$ (2,774)

Company	2011	2012	2013	2014	2015	There-after	Total
Floating rate							
Cash and cash equivalents	$ 181	$ -	$ -	$ -	$ -	$ -	$ 181
Euro export credit facilities	(26)	(25)	(25)	(25)	(25)	(90)	(216)
Euro bank loans	-	-	-	(126)	-	-	(126)
Short-term bank loans	(355)	-	-	-	-	-	(355)
	$ (200)	$ (25)	$ (25)	$ (151)	$ (25)	$ (90)	$ (516)
Fixed rate							
Bearing interest at 3.0% to 3.9%	$ -	$ -	$ -	$ (150)	$ -	$ -	$ (150)
Bearing interest at 4.0% to 4.9%	(67)	(62)	(1,054)	(63)	(63)	(198)	(1,507)
Bearing interest at 6.0% to 6.9%	(23)	(11)	-	-	-	-	(34)
Bearing interest at 7.0% to 7.9%	(9)	(316)	-	-	-	-	(325)
	$ (99)	$ (389)	$ (1,054)	$ (213)	$ (63)	$ (198)	$ (2,016)

The Group and Company are affected by changes in interest rates on floating rate debt. Based upon a hypothetical 10% change in the November 30, 2010 interest rates, our annual interest expense on floating rate debt, including the effect of our interest rate swaps, would change by an insignificant amount. Within the DLC, interest rate risks are considered on a combined Carnival Corporation & plc basis. For additional information see note 10 of the Carnival Corporation & plc financial statements and within the MD&A section of the DLC Annual Report.

The interest rate profiles of financial assets and liabilities at November 30, 2009 were as follows (in millions):

Group	2010	2011	2012	2013	2014	There-after	Total
Floating rate							
Cash and cash equivalents	$ 431	$ -	$ -	$ -	$ -	$ -	$ 431
Euro export credit facilities	(29)	(29)	(29)	(29)	(29)	(129)	(274)
Bank loans	-	-	(99)	-	-	-	(99)
Revolver	(74)	-	(138)	-	-	-	(212)
Euro revolver	(52)	-	-	-	-	-	(52)
Short-term euro bank loans	(39)	-	-	-	-	-	(39)
	$ 237	$ (29)	$ (266)	$ (29)	$ (29)	$ (129)	$ (245)
Fixed rate							
Bearing interest at 3.0% to 3.9%	$ -	$ -	$ -	$ -	$ (149)	$ -	$ (149)
Bearing interest at 4.0% to 4.9%	(92)	(82)	(82)	(1,203)	(82)	(460)	(2,001)
Bearing interest at 6.0% to 6.9%	(28)	(25)	(76)	-	(30)	-	(159)
Bearing interest at 7.0% to 7.9%	(11)	-	(330)	-	-	(184)	(525)
Bearing interest above 8%	(1)	-	-	-	(1)	(1)	(3)
	$ (132)	$ (107)	$ (488)	$ (1,203)	$ (262)	$ (645)	$ (2,837)

Company	2010	2011	2012	2013	2014	There-after	Total
Floating rate							
Cash and cash equivalents	$ 275	$ -	$ -	$ -	$ -	$ -	$ 275
Euro export credit facilities	(29)	(29)	(29)	(29)	(29)	(129)	(274)
Bank loans	-	-	(99)	-	-	-	(99)
Euro revolver	(52)	-	-	-	-	-	(52)
	$ 194	$ (29)	$ (128)	$ (29)	$ (29)	$ (129)	$ (150)
Fixed rate							
Bearing interest at 3.0% to 3.9%	$ -	$ -	$ -	$ -	$ (149)	$ -	$ (149)
Bearing interest at 4.0% to 4.9%	(68)	(62)	(62)	(1,184)	(63)	(260)	(1,699)
Bearing interest at 6.0% to 6.9%	(26)	(25)	(13)	-	-	-	(64)
Bearing interest at 7.0% to 7.9%	(10)	-	(329)	-	-	-	(339)
	$ (104)	$ (87)	$ (404)	$ (1,184)	$ (212)	$ (260)	$ (2,251)

Foreign Currency Risk

At November 30, 2010, approximately 92% of Group net operating assets were denominated in non U.S. dollar currencies, of which approximately 65% were denominated in euros and 27% were in sterling, with substantially all of the remaining net operating assets in U.S. and Australian dollars. As a result of this currency composition, the Group's U.S. dollar consolidated balance sheet can be affected by currency movements. The Group partially mitigates the effect of such movements by having some borrowings in the same currencies as those in which the assets are denominated.

A significant portion of Group operating income is generated by businesses with functional currencies other than the U.S. dollar, principally the euro, sterling and Australian dollar. The results of these businesses are translated into U.S. dollars at weighted-average exchange rates for the purposes of consolidation. The impact of currency movements on net income is mitigated partially by some interest expenses being incurred in non U.S. dollar currencies. Within the DLC, foreign currency risks are considered on a combined Carnival Corporation & plc basis. For additional information see note 10 of the Carnival Corporation & plc financial statements and the MD&A section within the DLC Annual Report.

The exchange rates for each of our major currencies as of and for the year ended November 30, 2010 and 2009 were as follows:

	2010			2009		
	£:U.S.$	**euro:U.S.$**	**Aus$:U.S.$**	**£:U.S.$**	**euro:U.S.$**	**Aus$:U.S.$**
November 30 exchange rates	1.56	1.32	0.96	1.65	1.50	0.91
Average yearly exchange rates	1.55	1.33	0.91	1.56	1.39	0.77

At November 30, the fair value of derivatives included in the Group and Company balance sheets at November 30, 2010 and 2009 were as follows (in millions):

	2010			2009		
	Notional	**Assets**	**Liabilities**	**Notional**	**Assets**	**Liabilities**
Ship foreign currency forwards-cash flow hedges	$ -	$ -	$ -	$ 410	$ 15	$ -
Foreign currency forwards and swaps-net investment hedges	$ 352	12	-	$ 290	-	(27)
Debt related interest rate swaps-fair value hedges	$ 312	5	-	$ 329	-	-
		$ 17	$ -		$ 15	$ (27)

At November 30, 2010, the Group and Company have $352 million of foreign currency forwards that are designated as hedges of our net investments in foreign operations, which have a euro-denominated functional currency, thus partially offsetting this foreign currency exchange rate risk. Based upon a 10% hypothetical change in the U.S. dollar compared to the euro as of November 30, 2010, assuming no changes in comparative interest rates, we estimate that these foreign currency forwards' fair values would change by $35 million, which would be offset by a corresponding change of $35 million in the U.S. dollar value of our net investments. In addition, based upon a 10% hypothetical change in the U.S. dollar compared to the euro, sterling and Australian dollar, which are the functional currencies of our cruise brands that we translate into our U.S. dollar reporting currency, assuming no changes in comparable interest rates, we estimate that our fiscal 2010 net income would have changed by approximately $160 million. Similarly, we estimate based upon a 10% hypothetical change in the U.S. dollar compared to these currencies our fiscal 2010 cumulative translation adjustment would have changed by approximately $700 million.

At November 30, 2010, the Group and Company have interest rate swaps which effectively changed $312 million of fixed rate sterling publicly-traded debt, bearing interest at 7.1% and due in 2012, to GBP LIBOR-based floating rate debt.

In fiscal 2010, we recognized a gain of $18 million on foreign currency forwards that were not designated as hedges, which we entered into for treasury management purposes. The gain on these foreign currency forwards included in nonoperating other income was offset by a loss of $18 million incurred on the remeasurement of a non-functional currency monetary liability, which was also included in nonoperating other income in the accompanying Group Statements of Income.

There are no amounts excluded from the assessment of hedge effectiveness, and there are no credit risk related contingent features in our derivative agreements. The amount of estimated cash flow hedges' unrealized gains and losses which are expected to be reclassified to earnings in the next twelve months is not significant. Ineffectiveness arising on cash flow hedges was not material during fiscal 2010 and 2009 and, accordingly, all cash flow hedges were considered effective.

Credit Risk

As part of its ongoing control procedures, the Group monitors concentrations of credit risk associated with financial and other institutions with which it conducts significant business. Our maximum exposure under foreign currency contracts and interest rate swap agreements that are in-the-money is their aggregate replacement cost of $17 million, which includes the value of the contracts, in the event of nonperformance by the counterparties to the contracts, all of which are currently our lending banks. We seek to minimise credit risk exposure, including counterparty nonperformance primarily associated with our cash equivalents, investments, committed financing facilities, derivative instruments, insurance contracts and new ship progress payments guarantees, by normally conducting business with large, well-established financial institutions and insurance companies, and by diversifying our counterparties. In addition, we have guidelines regarding credit ratings and investment maturities that we follow to help safeguard liquidity and minimise risk. We normally do require collateral and/or guarantees to support notes receivable on significant asset sales, long-term ship charters and new ship progress payments to shipyards. We currently believe the risk of nonperformance by any of our significant counterparties is remote.

We also monitor the creditworthiness of travel agencies and tour operators in Europe and credit card providers to which we extend credit in the normal course of our business. Concentrations of credit risk associated with these receivables are considered minimal, primarily due to their short maturities and the large number of unrelated accounts within our customer base. We have experienced only minimal credit losses on our trade receivables. We do not normally require collateral or other security to support normal credit sales.

Derivatives

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

The Group's and Company's ship commitments are typically denominated in euros and thus the Group can become exposed to currency risks when ordering ships for its UK brand. These risks can be mitigated by entering into foreign currency derivative contracts and nonderivative financial instruments. Our decisions regarding whether or not to hedge a euro ship commitment for our UK brand are made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, exchange rate correlation, economic trends, our overall expected net cash flows by currency and other offsetting risks.

Additional detail relating to the Group's and Company's financial risk management objectives and policies is included in note 10 of the Carnival Corporation & plc financial statements and within the MD&A section of the DLC Annual Report and note 1.

Independent Auditors' Report To The Members of Carnival plc

We have audited the financial statements of Carnival plc for the year ended November 30, 2010 which comprise the Group statements of income, the Group statements of comprehensive income, the Group and Parent Company balance sheets, the Group and Parent Company statements of cash flows, the Group and Parent Company statements of changes in shareholders' equity and the related notes including the Carnival Corporation & plc consolidated financial statements on pages 5 to 33 of the Carnival Corporation & plc 2010 Annual Report. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at November 30, 2010 and of the Group's net income and Group's and Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report in Annex B to the Proxy Statement, dated February 17, 2011, to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report set out in Annex A to the Proxy Statement, dated February 17, 2011, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page C-9 in Annex C to the Proxy Statement, dated February 17, 2011, in relation to going concern; and
- the parts of the Corporate Governance Report in Annex C to the Proxy Statement, dated February 17, 2011, relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

John Waters (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
February 18, 2011

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

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

CARNIVAL PLC

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