Carnival plc
Financial Statements
Year ended November 30, 2008

Registered number: 4039524

The Annual Report of Carnival plc comprises the standalone Carnival plc consolidated and company IFRS financial statements contained herein, together with the Carnival Corporation & plc 2008 Annual Report and the Proxy Statement.

The standalone Carnival plc consolidated IFRS financial statements, which are required to satisfy reporting requirements of the Companies Act 1985, incorporate the results of Carnival plc and its subsidiary undertakings and, accordingly, do not include the results of Carnival Corporation. However the directors consider that within the Carnival Corporation and Carnival plc Dual Listed Company structure ("DLC") 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, which are included within the Carnival Corporation & plc 2008 Annual Report, which forms part of this document.

Carnival plc

Group income statements

	Note	Twelve months to November 30, 2008 U.S.$m	2007 U.S.$m
Revenues			
Cruise			
Passenger tickets		5,130.8	3,981.9
Onboard and other		993.4	824.7
Land tours and other		426.1	420.6
	2	6,550.3	5,227.2
Costs and expenses			
Operating			
Cruise			
Commissions, transportation and other		1,186.6	868.1
Onboard and other		201.1	184.2
Payroll and related		552.6	447.7
Fuel		677.9	383.2
Food		316.9	247.3
Other ship operating		873.6	692.9
Other		349.3	342.5
Total		4,158.0	3,165.9
Selling and administrative	3	630.3	604.4
Depreciation and amortisation	11	515.6	410.9
		5,303.9	4,181.2
Operating income		1,246.4	1,046.0
Interest income		24.4	34.7
Interest expense, net of capitalised interest		(211.4)	(174.6)
Other income, net		30.3	42.1
	4	(156.7)	(97.8)
Income before income taxes		1,089.7	948.2
Income tax (expense) benefit, net	5	(22.3)	1.1
Net income		1,067.4	949.3
Net income (loss) attributable to:			
Shareholders of Carnival plc	7	1,076.6	949.0
Minority interests		(9.2)	0.3
		1,067.4	949.3
Carnival plc standalone earnings per share (in U.S. dollars)			
Basic	7	5.05	4.46
Diluted	7	5.05	4.45

See accompanying notes to the financial statements.

Within the DLC structure the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc, which are included within the Carnival Corporation & plc 2008 Annual Report (see note 1). For information, we set out below the U.S. GAAP consolidated earnings per share included within the Carnival Corporation & plc consolidated financial statements for the twelve months ended November 30, 2008 and 2007 (in U.S. dollars):

DLC Basic earnings per share	2008: 2.96	2007: 3.04
DLC Diluted earnings per share	2008: 2.90	2007: 2.95

Balance sheets

	Note	Group 2008 U.S.$m	Group 2007 U.S.$m	Company 2008 U.S.$m	Company 2007 U.S.$m
		As at November 30,			
Assets					
Current assets					
Cash and cash equivalents	8	491.1	823.5	414.3	757.1
Trade and other receivables, net	9	276.2	337.1	118.7	184.1
Amounts owed by Carnival Corporation	22	-	70.1	-	119.5
Amounts owed by subsidiaries	22	-	-	104.4	245.1
Inventories	10	112.6	131.6	41.8	51.2
Prepaid expenses and other		116.0	125.3	52.0	23.6
Total current assets		995.9	1,487.6	731.2	1,380.6
Non-current assets					
Property and equipment, net	11	9,725.8	10,776.7	3,230.8	3,872.7
Goodwill and other intangibles	12	837.3	1,029.5	168.9	228.0
Other assets	13	254.8	153.8	133.9	44.6
Investment in subsidiaries	14	-	-	5,090.8	5,509.5
Total assets		11,813.8	13,447.6	9,355.6	11,035.4
Liabilities and shareholders' equity					
Current liabilities					
Short-term borrowings	15	257.5	115.0	-	-
Current portion of long-term debt	15	403.6	535.1	127.4	172.9
Amounts owed to Carnival Corporation	22	496.4	-	527.4	-
Amounts owed to subsidiaries	22	-	-	2,056.3	2,606.3
Accounts payable		229.1	275.5	52.5	56.6
Accrued liabilities and other		391.1	534.8	228.3	321.9
Customer deposits		790.5	1,019.1	484.2	687.0
Total current liabilities		2,568.2	2,479.5	3,476.1	3,844.7
Non-current liabilities					
Long-term debt	15	3,101.2	4,016.8	2,580.4	3,367.8
Other long-term liabilities	16	165.8	153.5	61.9	69.7
		5,835.2	6,649.8	6,118.4	7,282.2
Shareholders' equity					
Ordinary shares	17	354.0	353.9	354.0	353.9
Share premium		96.2	94.6	96.2	94.6
Retained earnings		4,919.2	4,147.9	2,935.2	2,907.1
Other reserves	18	571.0	2,147.8	(148.2)	397.6
Total shareholders' equity		5,940.4	6,744.2	3,237.2	3,753.2
Minority interests		38.2	53.6	-	-
Total equity		5,978.6	6,797.8	3,237.2	3,753.2
		11,813.8	13,447.6	9,355.6	11,035.4

See accompanying notes to the financial statements.

Approved by the board of directors on February 17, 2009 and signed on its behalf by:
Micky Arison
Howard S. Frank

Within the DLC structure the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc, which are included within the Carnival Corporation & plc 2008 Annual Report (see note 1).

Statements of cash flow

	Note	Group 2008 U.S.$m	Group 2007 U.S.$m	Company 2008 U.S.$m	Company 2007 U.S.$m
		Twelve months to November 30,			
Operating activities					
Operating income		1,246.4	1,046.0	466.9	348.4
Adjustments for					
Depreciation and amortisation		515.6	410.9	190.5	148.4
(Gain) loss on disposal of property and equipment		(57.1)	7.3	(29.7)	39.6
Share-based payments		9.7	13.4	4.6	4.8
Operating cash flows before movement in working capital		1,714.6	1,477.6	632.3	541.2
Increase in receivables, prepaid expenses and other		(40.9)	(108.2)	(15.5)	(2.7)
Increase in inventories		(5.1)	(15.7)	(6.3)	(8.1)
(Decrease)/increase in accounts payable, accrued liabilities, customer deposits and other liabilities		(58.7)	393.7	(54.5)	201.6
Cash provided by operations before interest and taxes		1,609.9	1,747.4	556.0	732.0
Interest received		24.4	32.3	21.7	28.4
Interest paid		(224.8)	(190.4)	(168.3)	(183.1)
Income taxes paid, net		(4.2)	(4.1)	(1.1)	(4.2)
Net cash provided by operating activities		1,405.3	1,585.2	408.3	573.1
Investing activities					
Additions to property and equipment		(1,522.5)	(1,907.4)	(748.6)	(946.7)
Acquisition of business, net of cash acquired		-	(401.8)	-	-
Disposal of subsidiary		-	0.2	-	8.4
Proceeds from sale of property and equipment		119.7	71.0	100.0	71.0
Capital redemption		-	-	-	571.8
Other, net		0.6	-	(2.2)	-
Net cash used in investing activities		(1,402.2)	(2,238.0)	(650.8)	(295.5)
Financing activities					
Movement on loans with other Group companies	22	112.5	(474.5)	414.3	(664.4)
Facility drawdowns		1,804.2	1,055.6	388.7	-
Facility repayments		(2,277.4)	(135.0)	(375.5)	-
Other long-term debt drawdowns		423.1	1,551.7	-	741.1
Other long-term debt repayments		(159.5)	(1,469.4)	(118.7)	(420.2)
Short-term borrowing drawdowns (repayments), net		156.6	29.6	(15.3)	0.1
Dividends paid		(322.9)	(264.5)	(322.9)	(264.5)
Issue of ordinary share capital	17	1.7	2.9	1.7	2.9
Net cash (used in) provided by financing activities		(261.7)	296.4	(27.7)	(605.0)
Effects of exchange rate changes		(73.8)	130.0	(72.6)	95.8
Net decrease in cash and cash equivalents		(332.4)	(226.4)	(342.8)	(231.6)
Cash and cash equivalents at the beginning of the year		823.5	1,049.9	757.1	988.7
Cash and cash equivalents at the end of the year	8	491.1	823.5	414.3	757.1

See accompanying notes to the financial statements.

Within the DLC structure the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc, which are included within the Carnival Corporation & plc 2008 Annual Report (see note 1).

Group statements of recognised income and expense

	Other reserves: Translation reserve U.S.$m	Other reserves: Hedging reserve U.S.$m	Other reserves: Merger reserve U.S.$m	Retained earnings U.S.$m	Minority interests U.S.$m	Total U.S.$m
Total recognised income (expense) for the year to November 30, 2007:						
Foreign exchange translation differences	562.3	-	-	-	4.7	567.0
Net loss on hedge of net investments in foreign operations	-	(6.6)	-	-	-	(6.6)
Effective portion of net changes in fair value of cash flow hedges	-	11.7	-	-	-	11.7
Net actuarial gain on defined benefit pension schemes (note 21)	-	-	-	27.8	-	27.8
Net income recognised directly in total equity	562.3	5.1	-	27.8	4.7	599.9
Net income	-	-	-	949.0	0.3	949.3
Total recognised income	562.3	5.1	-	976.8	5.0	1,549.2
Total recognised income (expense) for the year to November 30, 2008:						
Foreign exchange translation differences	(1,608.9)	-	-	-	(6.2)	(1,615.1)
Net gain on hedge of net investments in foreign operations	-	35.1	-	-	-	35.1
Effective portion of net changes in fair value of cash flow hedges	-	(3.0)	-	-	-	(3.0)
Net actuarial loss on defined benefit pension schemes (note 21)	-	-	-	(12.7)	-	(12.7)
Net income (expense) recognised directly in total equity	(1,608.9)	32.1	-	(12.7)	(6.2)	(1,595.7)
Net income (loss)	-	-	-	1,076.6	(9.2)	1,067.4
Total recognised income (expense)	(1,608.9)	32.1	-	1,063.9	(15.4)	(528.3)

Group statements of changes in total equity

	Share capital U.S.$m	Share premium U.S.$m	Other reserves: Translation reserve U.S.$m	Other reserves: Hedging reserve U.S.$m	Other reserves: Merger reserve U.S.$m	Retained earnings U.S.$m	Minority interests U.S.$m	Total equity U.S.$m
Total equity at December 1, 2006	353.7	91.9	106.2	(29.0)	1,503.2	3,448.8	-	5,474.8
Total recognised income	-	-	562.3	5.1	-	976.8	5.0	1,549.2
Acquisition of business	-	-	-	-	-	-	48.6	48.6
Dividends (note 6)	-	-	-	-	-	(291.1)	-	(291.1)
Issue of shares	0.2	2.7	-	-	-	-	-	2.9
Share-based payments	-	-	-	-	-	13.4	-	13.4
Total equity at November 30, 2007	353.9	94.6	668.5	(23.9)	1,503.2	4,147.9	53.6	6,797.8
Total recognised income (expense)	-	-	(1,608.9)	32.1	-	1,063.9	(15.4)	(528.3)
Dividends (note 6)	-	-	-	-	-	(302.3)	-	(302.3)
Issue of shares	0.1	1.6	-	-	-	-	-	1.7
Share-based payments	-	-	-	-	-	9.7	-	9.7
Total equity at November 30, 2008	354.0	96.2	(940.4)	8.2	1,503.2	4,919.2	38.2	5,978.6

See accompanying notes to the financial statements.

Within the DLC structure the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc, which are included within the Carnival Corporation & plc 2008 Annual Report (see note 1).

Company statements of recognised income and expense

	Other reserves: Translation reserve U.S.$m	Other reserves: Hedging reserve U.S.$m	Other reserves: Merger reserve U.S.$m	Retained earnings U.S.$m	Total U.S.$m
Total recognised income for the year to November 30, 2007:					
Foreign exchange translation differences	274.8	-	-	-	274.8
Effective portion of net changes in fair value of cash flow hedges	-	5.0	-	-	5.0
Net actuarial gain on defined benefit pension schemes	-	-	-	27.8	27.8
Net income recognised directly in total equity	274.8	5.0	-	27.8	307.6
Net income	-	-	-	200.4	200.4
Total recognised income	274.8	5.0	-	228.2	508.0
Total recognised income (expense) for the year to November 30, 2008:					
Foreign exchange translation differences	(578.3)	-	-	-	(578.3)
Effective portion of net changes in fair value of cash flow hedges	-	32.5	-	-	32.5
Net actuarial loss on defined benefit pension schemes	-	-	-	(12.7)	(12.7)
Net income (expense) recognised directly in total equity	(578.3)	32.5	-	(12.7)	(558.5)
Net income	-	-	-	338.5	338.5
Total recognised income (expense)	(578.3)	32.5	-	325.8	(220.0)

Company statements of changes in shareholders' equity

	Share capital U.S.$m	Share premium U.S.$m	Other reserves: Translation reserve U.S.$m	Other reserves: Hedging reserve U.S.$m	Other reserves: Merger reserve U.S.$m	Retained earnings U.S.$m	Total equity U.S.$m
Shareholders' equity at December 1, 2006	353.7	91.9	103.6	(21.4)	35.6	2,965.2	3,528.6
Total recognised income	-	-	274.8	5.0	-	228.2	508.0
Dividends (note 6)	-	-	-	-	-	(291.1)	(291.1)
Issue of shares	0.2	2.7	-	-	-	-	2.9
Share-based payments	-	-	-	-	-	4.8	4.8
Shareholders' equity at November 30, 2007	353.9	94.6	378.4	(16.4)	35.6	2,907.1	3,753.2
Total recognised income (expense)	-	-	(578.3)	32.5	-	325.8	(220.0)
Dividends (note 6)	-	-	-	-	-	(302.3)	(302.3)
Issue of shares	0.1	1.6	-	-	-	-	1.7
Share-based payments	-	-	-	-	-	4.6	4.6
Shareholders' equity at November 30, 2008	354.0	96.2	(199.9)	16.1	35.6	2,935.2	3,237.2

See accompanying notes to the financial statements.

Within the DLC structure the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc, which are included within the Carnival Corporation & plc 2008 Annual Report (see note 1).

Notes to the consolidated financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to Carnival plc (the "Company"), its subsidiaries and associates (collectively the "Group").

Basis of preparation of financial statements
The Carnival plc Group and Company only financial statements are presented in U.S. dollars, the Group and Company's presentation currency, rounded to the nearest 0.1 million. They are prepared on the historical cost basis except for certain financial assets and financial liabilities (including derivative instruments) which are stated at fair value.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

During the year the Company and the Group adopted IFRS 7 "Financial Instruments: Disclosures."

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

Carnival Corporation and Carnival plc operate as a DLC, whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and through provisions in Carnival Corporation's articles of incorporation and by-laws and Carnival plc's memorandum of association and articles of association. The two companies operate as if they are a single economic enterprise, but each has retained its separate legal identity. Each company's shares are publicly traded; on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. In addition, Carnival plc American Depository Shares are traded on the NYSE. The contracts governing the DLC structure provide that Carnival Corporation and Carnival plc each continue to have separate boards of directors, but the boards and senior executive management of both companies are identical. Under the contracts governing the DLC, the Carnival Corporation & plc consolidated earnings accrue equally to each unit of Carnival Corporation stock and each Carnival plc share. Further details relating to the DLC are included in note 3 of the Carnival Corporation & plc consolidated financial statements.

In order to provide the Carnival Corporation and Carnival plc shareholders with the most meaningful picture of their economic interest in the DLC formed by Carnival Corporation and Carnival plc, consolidated financial statements and management commentary of Carnival Corporation & plc have been included in the Carnival Corporation & plc 2008 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. These Carnival Corporation & plc consolidated financial statements have been prepared under U.S. GAAP on the basis that all significant financial and operating decisions affecting the DLC companies are taken on the basis of U.S. GAAP information and consequences.

The standalone Carnival plc Group and Company only IFRS financial statements are required to satisfy reporting requirements of the Companies Act 1985. However, the directors consider that within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. GAAP consolidated financial statements of Carnival Corporation & plc, on the basis that all significant financial and operating decisions affecting the DLC companies are taken on the basis of U.S. GAAP information and consequences. Accordingly, the Carnival Corporation & plc U.S. GAAP consolidated financial statements on pages 5 to 31 of the Carnival Corporation & plc 2008 Annual Report, which forms part of these financial statements, are incorporated into the Carnival plc IFRS consolidated financial statements as additional disclosures.

Goodwill and trademarks
Goodwill arising on acquisitions is capitalised and is considered to have an indefinite life subject to annual impairment reviews and whenever indicators of impairment are detected. Goodwill represents the excess of the cost of acquisition of a subsidiary over the Group's share of the fair value of identifiable net assets acquired. Goodwill is allocated to the operating brands on the basis of expected benefit resulting from the acquisition and is stated at cost less accumulated impairment losses. Allocated goodwill is recorded in the functional currency of the reporting unit.

Trademarks acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably and are initially recorded at fair value. Trademarks that are considered to have an indefinite useful life are not amortised but are subject to annual impairment review and whenever indicators of impairment are detected. The trademarks would be considered impaired if their carrying value exceeds their estimated recoverable amount.

Notes to the consolidated financial statements

1. Accounting policies *(continued)*

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

Properties and other fixed assets are stated at cost less accumulated depreciation.

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

Depreciation is calculated to write off the cost to estimated residual value using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Cruise ships	30
Ship improvements	3 - 28
Freehold buildings	20 - 35
Other fixed assets	2 - 20

Owned land and ships under construction are not depreciated.

Impairment of property and equipment
Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. Provision for impairment in value of the property and equipment, if any, is made in the income statement.

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 immediately written off to expense. Capital ship expenditures incurred during a dry-dock or at another time are capitalised as ship improvements on a component basis and depreciated over their estimated useful lives, with the estimated net book value of assets being replaced written off upon replacement.

Grants
Government grants received towards the cost of property and equipment are deducted from the carrying amount of the asset to which they relate.

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

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

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Revenue and expense recognition
Revenue comprises sales to third parties (excluding VAT and similar sales taxes and port and other taxes). Guest cruise deposits represent unearned revenues and are initially recorded as customer deposit liabilities when received. Customer deposits are subsequently recognised as cruise revenues, together with revenues from onboard and other activities (which include transportation and shore excursion revenues), and all associated direct costs of a voyage are recognised as cruise 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. 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.

Revenues and expenses from tour and travel services are recognised at the time the services are performed or expenses are incurred.

Port and other taxes assessed on a per guest basis by a government or quasi-governmental entity are excluded from expenses as they are presented on a net basis against the corresponding amounts collected from our guests, which are excluded from revenues.

Notes to the consolidated financial statements

1. Accounting policies *(continued)*

Leases
Rent expenses under operating leases are charged to the income statement on a straight-line basis over the life of the lease.

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

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

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

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

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

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

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

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

Foreign currencies
The presentation currency in the financial statements is the U.S. dollar. 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 ruling at the date of the transaction. Monetary assets and liabilities denominated in non-functional currencies are remeasured at the period end exchange rates. Profits and losses of subsidiaries and branches and their assets and liabilities, which have functional currencies other than U.S. dollars, are translated into the U.S. dollar presentation currency at average rates and period end rates of exchange, respectively.

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

Notes to the consolidated financial statements

1. Accounting policies *(continued)*

Derivatives and other financial instruments

The Group uses foreign currency forwards and swaps and non-derivative financial instruments to manage its exposure to fluctuations in certain foreign currency exchange rates and interest rate swaps to manage its interest rate exposure to achieve a desired proportion of variable and fixed rate debt. Derivative financial instruments are recorded at fair value and 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 income statement or recognised directly in the statement of recognised income and expense, depending on the nature of the hedge relationship. Hedging derivatives fall into three classifications: fair value hedges, cash flow hedges and hedges of a net investment. Fluctuations in value of fair value hedge derivatives are offset against the changes in the value of the underlying hedged items, principally contracted ship capital commitments. Fluctuations in value of cash flow hedge derivatives are taken to the statement of recognised income and expense until the underlying hedged item is recognised in earnings or the forecasted transaction is no longer probable of occurring. Changes in value of hedges of a net investment are recognised in the statement of recognised income and expense, offsetting the change in the translated value of the hedged net investment. In the event that a previously hedged investment is disposed of, the accumulated amount previously recognised from hedging is required to be removed from the hedging reserve within shareholders' equity and reflected in net income.

Interest bearing loans and overdrafts are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs, and subsequently stated at amortised cost, inclusive of accrued interest. Any difference between the proceeds after direct issue costs and the redemption value is recognised in the income statement over the life of the borrowing.

Interest expense, including premiums payable on settlement or redemption and direct issue costs, is expensed in the income statement on an accruals basis over the life of the borrowing on a straight-line basis which approximates to the effective interest rate method.

Taxation

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

Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported and disclosed amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results 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 Management Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") on pages 34 to 51 of the Carnival Corporation & plc 2008 Annual Report, which forms part of these financial statements.

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

As at November 30, 2008, certain new standards, amendments and interpretations to existing standards had been published that are mandatory for future accounting periods but which have not been early adopted in these financial statements. These are set out below:

IAS 1 (Revised), "Presentation of financial statements" (effective for annual periods beginning on or after January 1, 2009)
IAS 23 (Revised), "Borrowing costs" (effective for annual periods beginning on or after January 1, 2009)
IAS 27 (Revised), "Consolidated and separate financial statements" (effective for annual periods beginning on or after July 1, 2009)
Amendment to IFRS 2 "Share-based payment" (effective for annual periods beginning on or after January 1, 2009)
IFRS 3 (Revised), "Business combinations" (effective for annual periods beginning on or after July 1, 2009)
IFRS 8 "Operating segments" (effective for annual periods beginning on or after January 1, 2009)

Notes to the consolidated financial statements

1. Accounting policies *(continued)*

The following interpretations and amendments have been issued and will be adopted in future periods. Management is assessing the impact of these interpretations and amendments on the group's reported results and financial position:

IFRIC 12, "Service concession arrangements" (effective for annual periods beginning on or after January 1, 2008)
IFRIC 13, "Customer loyalty programmes" (effective for annual periods beginning on or after July 1, 2008)
IFRIC 14, "IAS 19: The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective for annual periods beginning on or after January 1, 2008)
IFRIC 16, "Hedges of a net investment in a foreign operation" (effective for annual periods beginning on or after October 1, 2008)
IFRIC 17, "Distribution of non-cash assets to owners" (effective for periods beginning on or after July 1, 2009)

Notes to the consolidated financial statements

2. Segment information

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

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

By business segment:	Cruise		Land tours and other		Total	
	2008	2007	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m
External revenues	6,124.2	4,806.6	426.1	420.6	6,550.3	5,227.2
Operating income	1,232.2	1,027.8	14.2	18.2	1,246.4	1,046.0
Interest income					24.4	34.7
Interest expense, net of capitalised interest					(211.4)	(174.6)
Other income, net					30.3	42.1
Income before income taxes					1,089.7	948.2
Income tax (expense) benefit, net					(22.3)	1.1
Net income					1,067.4	949.3
Segment assets	10,752.7	11,978.9	521.2	520.5	11,273.9	12,499.4
Cash and cash equivalents					491.1	823.5
Amounts owed by Carnival Corporation					-	70.1
Tax assets					48.8	54.6
Total assets					11,813.8	13,447.6
Segment liabilities	1,408.2	1,799.2	83.4	146.4	1,491.6	1,945.6
Amounts owed to Carnival Corporation					496.4	-
Group debt					3,762.3	4,666.9
Tax liabilities					84.9	37.3
Total liabilities					5,835.2	6,649.8

	Cruise		Land tours and other		Total	
	2008	2007	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Other segment items:						
Capital expenditures	1,503.2	1,862.6	19.3	44.8	1,522.5	1,907.4
Depreciation and amortisation	475.6	376.6	40.0	34.3	515.6	410.9

Notes to the consolidated financial statements

2. Segment information *(continued)*

The geographical segment information presented below reflects the different regions where the Group's guests are from. Typically our cruise brands make most of their sales to customers in a single geographic region; Europe, Australia/New Zealand, North America and South America. The Cunard brand sources its guests primarily from Europe and the U.S. The Costa brand sources its guests primarily from Europe, the U.S., South America and China. The Ibero brand sources its guests primarily from Europe and South America. The land tour operations primarily make sales to customers in North America.

By geographical segment:	North America		Europe and other		Total	
	2008	2007	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m
External revenues	1,251.8	987.0	5,298.5	4,240.2	6,550.3	5,227.2
Inter-segment revenues	15.8	13.7	(15.8)	(13.7)	-	-
Revenues	1,267.6	1,000.7	5,282.7	4,226.5	6,550.3	5,227.2

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

3. Operating income is stated after (charging) crediting

	Twelve months to November 30,	
	2008	2007
	U.S.$m	U.S.$m
Operating lease costs:		
- ships	(129.1)	(85.1)
- property	(20.9)	(16.8)
- other	(5.3)	(4.9)
	(155.3)	(106.8)
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of the Company and Group financial statements	(1.1)	(1.0)
Fees payable to the Company's auditors and their associates for:		
- the audit of the Company's subsidiaries pursuant to legislation	(1.0)	(0.7)
- other services pursuant to legislation	-	(0.2)
Total fees paid to the Company's auditors and their associates	(2.1)	(1.9)

Other ship operating costs of $349.3m include a net gain of $31m arising on the sale of QE2 in November 2008.

Selling and administrative costs include advertising and promotion costs of $254.9m (2007 $241.1m) and payroll and related expenses of $274.3m (2007 $247.1m).

In accordance with s230 of the Companies Act 1985, the Company has not presented its own income statement. The income attributable to shareholders of the Company for the year was $338.5m (2007 $200.4m). Retained earnings comprise $1,236.8m (2007 $1,227.8m) of distributable reserves and $1,698.4m (2007 $1,679.3m) of undistributable reserves.

Notes to the consolidated financial statements

4. Finance and other nonoperating costs and expenses

	Twelve months to November 30, 2008 U.S.$m	Twelve months to November 30, 2007 U.S.$m
Interest income	24.4	34.7
Interest expense	(235.7)	(194.6)
Capitalised interest	24.3	20.0
	(211.4)	(174.6)
Other income, net	30.3	42.1
	(156.7)	(97.8)

Capitalised interest relates to property and equipment under construction, principally new ships. The capitalisation rate is based on the weighted average interest rates applicable to borrowings within the DLC during each period.

Other income includes a foreign exchange gain of $23.5m (2007 $43.7m) arising on euro bank deposits held by Carnival plc to satisfy Carnival Cruise Lines contracted ship delivery payments during 2008.

5. Taxation

	Twelve months to November 30, 2008 U.S.$m	Twelve months to November 30, 2007 U.S.$m
The taxation charge is as follows:		
Current taxation:		
UK Corporation tax	(1.0)	(0.4)
Overseas taxation	(21.0)	(15.8)
Total current tax	(22.0)	(16.2)
UK deferred taxation	(0.2)	-
Overseas deferred taxation	(0.1)	17.3
	(0.3)	17.3
Total UK tax	(1.2)	(0.4)
Total overseas tax	(21.1)	1.5
Income tax (expense) benefit, net	(22.3)	1.1

The total taxation (expense) benefit is reconciled to the UK standard tax rate as follows:

	Twelve months to November 30, 2008 U.S.$m	Twelve months to November 30, 2007 U.S.$m
Income before income taxes	1,089.7	948.2
Notional tax charge at UK standard tax rate (2008 28.67% and 2007 30.0%)	(312.4)	(284.5)
Effect of Italian tonnage tax and other overseas taxes at different rates	184.9	203.0
Effect of UK tonnage tax and other differences	105.2	82.6
	(22.3)	1.1

Notes to the consolidated financial statements

5. Taxation *(continued)*

Carnival plc is tax resident in the UK and is primarily engaged in the international operation of passenger vessels. Generally, income from 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 is earned which is not associated with the international operation of ships or earned in countries without preferential tax regimes is subject to income tax in the countries where such income is earned.

AIDA, Costa, Cunard, Ibero, Ocean Village, P&O Cruises and P&O Cruises Australia are subject to income tax under the tonnage tax regimes of either Italy or the United Kingdom. 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. We believe the majority of the ordinary income attributable to these brands constitutes shipping profits and, accordingly, Italian and UK income tax expenses for these operations have been minimal under the existing tax regimes. In addition, AIDA, the German brand of Carnival plc, is a subsidiary of Costa and the majority of its profits are exempt from German corporation taxes by virtue of the Italian/German double tax treaty. Ibero's Spanish operations are minimal.

Australian income tax

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

U.S. state and federal income taxes

The hotel, transportation and tour businesses of Holland America Tours and Princess Tours are taxed at the applicable U.S. federal and state corporate income tax rates, which approximate 37%.

Income taxes are not expected to be incurred 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 are classified as income tax expenses.

6. Dividends

	Twelve months to November 30, 2008	2007
	U.S.$m	U.S.$m
First interim paid $0.40 per share (2007 $0.275)	85.2	58.6
Second interim paid $0.40 per share (2007 $0.35)	84.8	73.3
Third interim paid $0.40 per share (2007 $0.35)	65.4	74.5
Fourth interim declared at $0.40 per share (2007 $0.40)	66.9	84.7
	302.3	291.1

In October 2008, the Carnival Corporation and Carnival plc boards of directors voted to suspend the quarterly dividend beginning March 2009, which would have been the first interim dividend for fiscal 2009. The boards of directors intend to maintain the dividend suspension throughout 2009, but will re-evaluate the dividend policy based on circumstances prevailing during the year. See note 7 for additional information on dividends.

Notes to the consolidated financial statements

7. Earnings per ordinary share

	Twelve months to November 30, 2008 U.S.$m	2007 U.S.$m
Carnival plc basic and diluted net income attributable to Carnival plc shareholders	1,076.6	949.0
Weighted average number of shares (millions)		
Basic	213.1	213.0
Dilutive shares	0.2	0.3
Diluted number of shares	213.3	213.3
Carnival plc standalone basic earnings per share (in U.S. dollars)	5.05	4.46
Carnival plc standalone diluted earnings per share (in U.S. dollars)	5.05	4.45

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 shares has been reduced for shares in the Company held by the Company's employee benefit trust for the satisfaction of incentive scheme awards that have not vested unconditionally. These employee benefit trust shares do not receive any dividends.

On July 12, 2008, Carnival Corporation and Carnival Investments Ltd, a Bahamian subsidiary of Carnival Corporation, which own 665,450 and 50,930,744 Carnival plc ordinary shares, respectively, temporarily waived their rights to receive dividends from Carnival plc. Although by virtue of the dividend waiver these shares do not participate in the Group's earnings, they continue to be included in the weighted average number of shares calculation because they are not under the control of the Carnival plc group. See note 22 for additional information related to the waiver of Carnival plc dividends on ordinary shares held by Carnival Corporation and Carnival Investments Ltd.

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

8. Cash and cash equivalents

	Group		Company	
	As at November 30,			
	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Cash on ships	47.8	33.1	25.9	15.4
Cash on hand, money market funds and time deposits	443.3	790.4	388.4	741.7
	491.1	823.5	414.3	757.1

9. Trade and other receivables, net

	Group		Company	
	As at November 30,			
	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Trade receivables, net	213.2	248.8	88.4	122.6
Income taxes receivable	5.4	7.6	-	-
Other receivables	57.6	80.7	30.3	61.5
	276.2	337.1	118.7	184.1

Notes to the consolidated financial statements

9. Trade and other receivables, net *(continued)*

Trade receivables are net of allowances for unrecoverable bad debts. The allowance account movements are as follows:

	Group		Company	
	As at November 30,			
	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Allowance for unrecoverable bad debts at December 1	16.8	15.3	4.9	4.8
Exchange movements	(3.0)	1.6	(1.4)	0.6
Additional provisions	5.0	4.9	1.4	1.1
Recoveries of amounts previously written off	(0.2)	(0.4)	-	(0.3)
Write offs	(4.1)	(4.6)	(0.9)	(1.3)
Allowance for unrecoverable bad debts at November 30	14.5	16.8	4.0	4.9

At November 30, 2008, the value of trade receivables outstanding beyond the offered credit terms was $121.0m (2007: $128.6m).

10. Inventories

	Group		Company	
	As at November 30,			
	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Food and beverage provisions and hotel supplies	67.4	74.6	25.8	31.1
Fuel	16.7	24.0	8.6	10.8
Goods held for resale	28.5	33.0	7.4	9.3
	112.6	131.6	41.8	51.2

The amount of inventories recognised as a cost or expense during the year was $1,241.1m (2007: $848.5m).

Notes to the consolidated financial statements

11. Property and equipment

	Group			Company		
	Ships	Other fixed assets	Total	Ships	Other fixed assets	Total
	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Cost						
Cost at December 1, 2006	9,254.3	962.0	10,216.3	3,698.9	43.2	3,742.1
Exchange movements	1,024.3	27.7	1,052.0	270.7	5.2	275.9
Additions	1,829.0	98.4	1,927.4	951.1	4.9	956.0
Acquisition of business	254.4	-	254.4	-	-	-
Transfer from Princess Cruises	126.4	-	126.4	126.4	-	126.4
Disposals	(199.2)	(26.3)	(225.5)	(236.7)	-	(236.7)
Cost at November 30, 2007	12,289.2	1,061.8	13,351.0	4,810.4	53.3	4,863.7
Exchange movements	(2,669.9)	(58.0)	(2,727.9)	(1,436.4)	(14.0)	(1,450.4)
Additions	1,464.8	110.4	1,575.2	740.7	15.1	755.8
Transfer from Carnival Cruise Lines	157.5	-	157.5			
Disposals	(159.8)	(44.2)	(204.0)	(152.1)	(13.4)	(165.5)
Cost at November 30, 2008	11,081.8	1,070.0	12,151.8	3,962.6	41.0	4,003.6
Accumulated depreciation						
Accumulated depreciation at December 1, 2006	(1,784.8)	(336.0)	(2,120.8)	(877.0)	(29.6)	(906.6)
Exchange movements	(184.4)	(13.9)	(198.3)	(60.3)	(2.4)	(62.7)
Charge for year	(349.6)	(61.3)	(410.9)	(141.6)	(6.8)	(148.4)
Disposals	134.6	21.1	155.7	126.7	-	126.7
Accumulated depreciation at November 30, 2007	(2,184.2)	(390.1)	(2,574.3)	(952.2)	(38.8)	(991.0)
Exchange movements	484.1	30.7	514.8	291.7	8.5	300.2
Charge for year	(435.9)	(79.7)	(515.6)	(183.8)	(6.7)	(190.5)
Disposals	103.5	45.6	149.1	95.4	13.1	108.5
Accumulated depreciation at November 30, 2008	(2,032.5)	(393.5)	(2,426.0)	(748.9)	(23.9)	(772.8)
Net book value						
At November 30, 2008	9,049.3	676.5	9,725.8	3,213.7	17.1	3,230.8
At November 30, 2007	10,105.0	671.7	10,776.7	3,858.2	14.5	3,872.7

Ships under construction included above totalled $473.8m (2007 $1,115.8m). The book value of ship assets is after deducting governmental construction grants of $167.2m (2007 $195.2m). The book value of owned land is $37.6m (2007 $37.6m).

Notes to the consolidated financial statements

12. Goodwill and other intangibles

	Group			Company
	Goodwill	Trademark	Total	Goodwill
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Net book value				
At December 1, 2006	747.0	-	747.0	215.1
Exchange movements	88.5	2.4	90.9	12.9
Acquisition of business	160.8	35.0	195.8	-
Disposal	(4.2)	-	(4.2)	-
At November 30, 2007	992.1	37.4	1,029.5	228.0
Exchange movements	(186.8)	(5.4)	(192.2)	(59.1)
At November 30, 2008	805.3	32.0	837.3	168.9

Substantially all goodwill relates to the Group's investments in AIDA, $143.0m (2007 $167.0m), Costa, $342.4m (2007 $421.4m), Cunard, $168.1m (2007 $227.2m) and Ibero, $147.2m (2007 $171.9m). Goodwill is tested for impairment annually and whenever indicators of impairment are detected, by comparing the recoverable amount of each of the businesses, determined based on value-in-use calculations, to the carrying value of its goodwill. The Group performs an annual impairment test as of July 31 each year to assess the value-in-use of each brand. In assessing value-in-use the Group either uses brand specific earnings multiples, as a proxy for projected discounted cash flows, or brand's discounted cash flows at the Group's estimated weighted average cost of capital, adjusted for the risk attributable to the brand including the geographic region in which it operates. Each of these calculations demonstrated significant headroom over each of the businesses' carrying value with the exception of Ibero.

With the uncertainties over the economic environment in Spain apparent by July 31, 2008, management continued to monitor the Ibero value-in-use calculation. The key assumptions for this assessment included revenue and cost growth and the amount of expected capital expenditures, which were estimated based on past experience and expectations of future changes. In extrapolating the cash flow forecast the average long-term growth rate was estimated to be 2.5% after 2013. Forecast cash flows were discounted to present value at 12.5%, reflecting an estimate of the Group's weighted average cost of capital adjusted for the risk attributable to Ibero. This calculation did not indicate that there had been any goodwill impairment.

The Group's impairment review is sensitive to changes in key assumptions, most notably to the discount rates and the average long-term growth rates. Based on the Group's impairment testing, it is believed that a reasonable possible change in any one of these key assumptions would not result in an impairment to the goodwill related to AIDA, Costa or Cunard. In the case of Ibero, however, a reasonable possible change in either of the key assumptions could result in an impairment, as Ibero's estimated value in use exceeds its assets' carrying value by only 5% to 10%.

The trademark balance, which relates to the group's investment in Ibero, is regarded as having an indefinite useful life and is therefore not amortised.

No changes were made to the provisional goodwill allocated to Ibero subsequent to the Group's acquisition in September 2007.

13. Other assets

	Group		Company	
	As at November 30,			
	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Prepaid expenses	29.4	28.5	16.6	15.8
Post employment benefit asset (note 21)	7.1	21.8	7.1	21.8
Income taxes receivable	31.3	34.2	1.7	3.7
Deferred tax assets	12.1	12.8	4.1	-
Derivative contracts receivable (note 25)	104.4	3.3	104.4	3.3
Other receivables and recoverables	70.5	53.2	-	-
	254.8	153.8	133.9	44.6

Deferred tax assets relate to net operating losses expected to be recovered against future income.

Notes to the consolidated financial statements

14. Investment in subsidiaries

	U.S.$m
At December 1, 2006	5,752.8
Exchange movements	337.4
Return of capital by subsidiary	(571.8)
Disposals	(8.9)
At November 30, 2007	5,509.5
Exchange movements	(420.9)
Additions	2.2
At November 30, 2008	5,090.8

The principal operating subsidiaries at November 30, 2008 were as follows:

	Country of Incorporation/ Registration	Percentage of equity share capital owned at November 30, 2008	Business Description
P&O Princess Cruises International Ltd	England	100%†	Shipowner
Alaska Hotel Properties LLC	U.S.A.	100%	Hotel operations
Royal Hyway Tours Inc.	U.S.A.	100%	Land tours
GIBS, Inc.	U.S.A.	100%	Parking garage owner and operator
Tour Alaska LLC	U.S.A.	100%	Rail tours
CC U.S. Ventures, Inc.	U.S.A.	100%	Holding company
Costa Crociere S.p.A	Italy	99.98%†	Passenger cruising
Holding Division Iberocruceros S.L.	Spain	75%	Holding company
Iberocruceros S.L.	Spain	75%	Passenger cruising
Società di crociere Jupiter S.r.l.	Italy	75%	Shipowner
Società di crociere Mercurio S.r.l.	Italy	100%	Passenger cruising
Grand Celebration LDA	Portugal	75%	Shipowner
Cozumel Cruise Terminal S.A. de C.V.	Mexico	100%	Port operations
Global Fine Arts, Inc.	U.S.A.	100%	Art sales and picture framing
Holland America Line Inc.	U.S.A.	100%	Hotel operations and land and rail tours

† - owned directly by the Company

15. Debt

	Group		Company	
	As at November 30,			
	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Long-term debt				
Secured debt	1.2	1.2	-	-
Unsecured debt:				
Export credit facilities				
U.S. dollar fixed rate	575.9	917.1	575.9	917.1
Euro floating rate	230.8	298.9	230.8	298.9
Bank loans				
Euro floating rate	606.6	545.3	466.9	545.3
Euro fixed rate	54.1	88.5	54.1	88.5
Revolving credit facility				
U.S. dollar floating rate	110.0	-	-	-
Euro floating rate	31.7	645.1	-	-
Private placement notes				
Euro fixed rate	235.7	-	-	-
Publicly traded notes				
Euro fixed rate	946.3	1,104.6	946.3	1,104.6
Sterling fixed rate	306.4	413.4	306.4	413.4
Other	2.5	2.7	-	-
Long-term debt	3,101.2	4,016.8	2,580.4	3,367.8
Short-term debt				
Current portion of long-term debt				
Secured debt	-	16.7	-	-
Unsecured debt:				
Export credit facilities				
U.S. dollar fixed rate	67.7	96.4	67.7	96.4
Euro floating rate	26.6	31.0	26.6	31.0
Bank loans				
Euro floating rate	0.9	6.0	0.9	6.0
Euro fixed rate	22.3	26.2	22.3	26.2
Revolving credit facility				
U.S. dollar floating rate	97.6	210.5	-	-
Euro floating rate	176.5	134.3	-	-
Private placement notes				
Euro fixed rate	1.8	-	-	-
Publicly traded notes				
Euro fixed rate	0.5	0.5	0.5	0.5
Sterling fixed rate	9.4	12.8	9.4	12.8
Other	0.3	0.7	-	-
Current portion of long-term debt	403.6	535.1	127.4	172.9
Short-term borrowings				
Euro bank loans	246.8	100.1	-	-
U.S. dollar bank loans	10.7	14.9	-	-
Short-term borrowings	257.5	115.0	-	-
Total debt	3,762.3	4,666.9	2,707.8	3,540.7

Amounts falling due within one year include the element of finance cost accrued at the year end. Secured loans are secured on property and equipment. Total debt in the Group includes $1,538.2m (2007 $2,002.8m) of variable interest rate liabilities and in the Company includes $725.2m (2007 $881.2m) of variable interest rate liabilities, after taking into account the effects of derivative hedging instruments. Variable rate interest on term loans is based on LIBOR or EURIBOR. Further detail relating to the Group's policy on managing currency and interest rate risks is provided in note 25 and additional information related to debt is provided in note 5 to the Carnival Corporation & plc 2008 Annual Report.

Substantially all of the revolving credit facility ("Facility") expires in 2012; and of the amount drawn at November 30, 2008 $274.1m is intended to be repaid before November 30, 2009.

Notes to the consolidated financial statements

15. Debt *(continued)*

The maturity of total debt is as follows:

	Group		Company	
	As at November 30,			
	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Within one year	661.1	650.1	127.5	172.9
Between one and two years	577.2	147.4	576.8	147.1
Between two and five years	1,886.9	2,033.4	1,550.0	1,387.3
Between five and ten years	595.4	1,713.7	412.8	1,712.1
Over ten years	41.7	122.3	40.7	121.3
	3,762.3	4,666.9	2,707.8	3,540.7

Total debt is denominated in three currencies, including the effect of foreign currency swaps, as follows:

	Group		Company	
	As at November 30,			
	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
U.S. dollars	472.7	813.9	248.7	583.9
Sterling	708.2	855.9	708.2	855.9
Euros	2,581.4	2,997.1	1,750.9	2,100.9
	3,762.3	4,666.9	2,707.8	3,540.7

The fair value of the Group's total short and long-term debt is $2,974.6m (2007 $4,602.6m) and that of the Company is $2,025.2m (2007 $3,478.0m). Market values have been used to determine the fair value of short and long-term debt. Where market values are not available, fair values have been calculated by discounting cash flows at prevailing interest and exchange rates.

16. Other long-term liabilities

	Group		Company	
	As at November 30,			
	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Deferred tax	41.1	31.9	0.1	-
Income taxes	37.6	-	28.7	-
Post employment benefits (note 21)	35.7	39.6	0.3	-
Derivative contracts (note 25)	-	23.2	-	23.2
Other liabilities	51.4	58.8	32.8	46.5
	165.8	153.5	61.9	69.7

Deferred tax principally arises on accelerated capital allowances in the U.S. land tour operations and on the difference between the book and tax treatment for a Mexican port hurricane insurance settlement.

Other liabilities in the Company relate to vacant leasehold properties, which are expected to be settled over the next 5 years and other post employment obligations, and the Group other liabilities also include amounts related to a former post employment benefit plan and other litigation reserves.

Notes to the consolidated financial statements

17. Called up share capital

The authorised ordinary share capital at November 30, 2008 and 2007 comprised of 225,903,614 ordinary shares of $1.66 each.

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

	No. of Shares	U.S.$m
At December 1, 2006	213,079,060	353.7
Shares issued	91,667	0.2
Issue to employee stock purchase plan	8,914	-
At November 30, 2007	213,179,641	353.9
Shares issued	49,536	0.1
Issue to employee stock purchase plan	12,764	-
At November 30, 2008	213,241,941	354.0

During 2008 the Company issued 49,536 (2007 91,667) ordinary shares of $1.66 each following the exercise of share options for total consideration of $1.7m (2007 $2.9m) and issued 12,764 (2007 8,914) shares to the employee stock purchase plan.

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

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

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 the year ended November 30, 2004 as part of a corporate restructuring which, due to the DLC structure, was accounted for as a group reconstruction.

As at November 30, 2008, the Carnival plc Employee Benefit Trust held 70,569 shares in Carnival plc (2007 100,397 shares), with an aggregate nominal value of $0.1m (2007 $0.2m). At November 30, 2008, the market value of these shares was $1.5m (2007 $4.4m). If they had been sold at this value there would have been no tax liability (2007 nil) on the capital gain arising from the sale. The costs of administering the scheme are charged to the Group income statement in the period to which they relate.

Refer to the statements of changes in total equity for movements in capital and other reserves.

Notes to the consolidated financial statements

19. Key management

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

	Twelve months to November 30,	
	2008	2007
	U.S.$m	U.S.$m
The aggregate payroll costs were:		
Fees	1.1	1.0
Salaries and benefits	4.9	5.8
Performance related bonuses	4.5	9.4
Total short-term employment benefits	10.5	16.2
Post employment benefit costs	-	2.8
Equity settled share-based payments	12.2	21.9
	22.7	40.9

The key management, which consists of the board of directors, has responsibility and authority for controlling, directing and planning Carnival plc's activities. Their aggregate compensation shown above includes amounts paid by both Carnival Corporation and Carnival plc. Post employment benefit costs represent the increase in transfer values, net of directors' contributions, if any, during the year. Transfer values represent the value of assets required to fund benefit obligations in respect of directors' accrued pension benefits.

Further details on directors' remuneration, including share options, restricted share awards, restricted share units, long-term incentive plans and pension entitlements, are set out in Parts I and II of the Directors' Remuneration Report in the Proxy Statement. During the year no directors made gains on the exercise of options over Carnival plc shares (2007 nil).

20. Employees

	Twelve months to November 30,	
	2008	2007
The average number of employees was as follows:		
Shore staff	8,084	7,877
Sea staff	22,132	20,154
	30,216	28,031

	Twelve months to November 30,	
	2008	2007
	U.S.$m	U.S.$m
The aggregate payroll expenses were as follows:		
Salaries and wages	665.6	580.0
Social security expenses	40.0	34.5
Pension expenses (note 21)	7.5	15.2
Share-based payment expenses	10.2	14.8
	723.3	644.5

Share-based payment expenses above includes $0.7m (2007 $1.0m) recharged by Carnival Corporation in respect of options and restricted share units granted over Carnival Corporation stock to certain U.S. based Carnival plc Group employees.

Directors' remuneration is disclosed in Part II of the Remuneration Report within Annex B of the Proxy Statement, which accompanies these accounts.

Notes to the consolidated financial statements

20. Employees *(continued)*

Share-based payments

Share options over Carnival plc shares, granted under the Carnival plc 2005 Employee Share Plan, typically vest three years after the date of the grant, provided the employee remains employed within Carnival Corporation & plc or their controlled subsidiaries, 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 options were as follows:

	2008		2007	
	Number of options	Weighted average exercise price U.S.$	Number of options	Weighted average exercise price U.S.$
Options outstanding at December 1	3,232,950	47.59	3,284,400	46.77
Options granted (a)	-	-	132,745	51.50
Options exercised	(49,536)	25.92	(91,667)	26.74
Options lapsed	(199,010)	49.76	(92,528)	44.97
Options outstanding at November 30	2,984,404	47.80	3,232,950	47.59
Options exercisable at November 30	2,321,859	44.93	2,223,141	43.49

The exercise price range and average remaining life of outstanding options at November 30, 2008 was as follows:

Exercise price range in US$	Number of options	Weighted average remaining life Years
$10.00 to $19.99	132,969	1.7
$20.00 to $29.99	422,093	4.0
$30.00 to $39.99	1,309	4.9
$40.00 to $49.99	1,026,290	5.2
Above $50.00	1,401,743	6.7
Total	2,984,404	5.6

(a) Options are no longer expected to be granted as the board of directors' Compensation Committee has decided to grant only restricted share awards or restricted stock units in future periods.

The average Carnival plc ordinary share price during the year was $36.37 (2007 $47.86).

The fair value of options granted under the share option plan was calculated using the Black-Scholes option-pricing model. There were no options granted during 2008. The following table gives the weighted average value and assumptions applied to the options granted during 2007. Expectations of early exercise are incorporated into the model.

Weighted-average fair value of options granted in the year	$12.91
Risk-free interest rate	5.2%
Expected dividend yield	3.2%
Expected volatility (based on implied and historical volatilities)	26.8%
Expected option life (in years)	5.00

In addition to the share options noted above, the Group awarded 224,416 (2007 149,242) restricted share units to certain officers and senior managers, these restricted share units vest unconditionally after three years and they are all to be equity settled. The Group also operates the Carnival plc Deferred Bonus and Co-Investment Matching Plan, under which certain senior managers are able to invest a percentage of their annual bonus into Carnival plc shares, with a view to receiving a matching award if certain predetermined performance targets are achieved. The compensation expense related to these share awards is calculated by reference to the Carnival plc share price on the date of grant and expensed to the income statement over the vesting period. 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, which will be eligible for plan matching in February 2011, if certain Carnival Corporation & plc earnings per share levels are achieved.

Notes to the consolidated financial statements

21. Post employment benefits

	As at November 30,	
	2008	2007
	U.S.$m	U.S.$m
Non-current assets:		
Funded employee benefit plan surplus	7.1	21.8
Non-current liabilities:		
Funded employee benefit plan deficits	(0.4)	-
Other post employment benefits	(35.3)	(39.6)
	(35.7)	(39.6)

Funded employee benefit plans

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

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

The Merchant Navy Officers Pension Fund ("MNOPF") is a funded defined benefit multiemployer scheme in which British officers employed by companies within the Carnival plc group have participated and continue to participate. This scheme is closed to new membership. The scheme is divided into two sections – the New Section and the Old Section. 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 scheme is accounted for as a defined benefit scheme.

The Old Section has been closed to benefit accrual since 1978. The Group's share, if any, of the Old Section is currently not known. In previous years the Old Section of the scheme was estimated to be in a funding surplus position, however, during 2008 the Old Section was estimated to be in a deficit position. Accordingly, it is possible that in the future the scheme Trustee might invoice the Group in order to fund a portion of this deficit. Whilst 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 Company is no longer able to identify the Group's share of the underlying assets and liabilities of the Merchant Navy Ratings Pension Fund ("MNRPF") on a consistent and reasonable basis. Therefore since November 30, 2006, the scheme has been accounted for as a defined contribution scheme.

The pension liabilities for accounting purposes of the UK Scheme and Carnival plc's share of the MNOPF New Section were estimated at November 30, 2008 and 2007 by Carnival plc's qualified actuary. The principal assumptions made by the actuary were as follows:

	UK Scheme		MNOPF New Section	
	2008	2007	2008	2007
Discount rates	6.50	5.90	6.50	5.90
Expected rates of salary increases	4.50	4.65	4.50	4.65
Pension increases:				
– deferment	3.00	3.15	3.00	3.15
– payment	3.00	3.15	3.00	3.15
Inflation	3.00	3.15	3.00	3.15
Expected rates of return on scheme assets	6.33	5.94	7.26	7.10

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience. For the UK Scheme and the MNOPF New Section the weighted average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

	As at November 30,	
	2008	2007
Male	19.3	19.3
Female	22.9	22.8

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date is as follows:

	As at November 30,	
	2008	2007
Male	20.8	20.7
Female	24.6	24.5

21. Post employment benefits *(continued)*

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 are determined as follows:

	As at November 30,		
	2008	2007	2006
	U.S.$m	U.S.$m	U.S.$m
Present value of funded obligations	(183.3)	(274.4)	(257.2)
Fair value of plan assets	190.0	296.2	220.4
Net asset (liability) recognised in the balance sheets	6.7	21.8	(36.8)

History of experience gains and losses:

	2008	2007	2006
	U.S.$m	U.S.$m	U.S.$m
Experience gain on plan liabilities	(28.4)	(16.0)	(9.5)
Experience (loss) gain on plan assets, including restriction on assets	(41.1)	11.8	5.1

The amounts recognised in the income statements are as follows:

	Twelve months to November 30,	
	2008	2007
	U.S.$m	U.S.$m
Current service cost	6.3	7.8
Interest cost	14.7	13.0
Expected return on plan assets	(17.4)	(14.5)
Total included within payroll expenses (note 20)	3.6	6.3

The estimated contributions expected to be paid into the plans during the year to November 30, 2009 are $5.7m.

Analysis of the movements in the balance sheet asset (liability) is as follows:

	2008	2007
	U.S.$m	U.S.$m
Net asset (liability) at December 1	21.8	(36.8)
Exchange movements	(6.5)	(1.7)
Expense (see above)	(3.6)	(6.3)
Amounts recognised in the statement of recognised income and expense	(12.7)	27.8
Employer contributions	7.7	38.8
Net asset at November 30	6.7	21.8

The cumulative actuarial gain recognised in the statement of recognised income and expense at November 30, 2008 was $19.1 m (2007 $31.8m).

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

	2008	2007
	U.S.$m	U.S.$m
Present value of obligation at December 1	274.4	257.2
Exchange movements	(73.3)	17.6
Current service cost	6.3	7.8
Interest cost	14.7	13.0
Contributions from employees	1.1	1.3
Benefits paid	(11.5)	(6.5)
Experience gain on plan liabilities	(28.4)	(16.0)
Present value of obligation at November 30	183.3	274.4

Notes to the consolidated financial statements

21. Post employment benefits *(continued)*

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

	2008	2007
	U.S.$m	U.S.$m
Fair value of schemes' assets at December 1	296.2	220.4
Exchange movements	(79.8)	15.9
Expected return on plan assets	17.4	14.5
Employer contributions	7.7	38.8
Contributions from employees	1.1	1.3
Benefits paid	(11.5)	(6.5)
Experience (loss) gain	(44.6)	16.6
Restriction on assets	3.5	(4.8)
Fair value of schemes' assets at November 30	190.0	296.2

The actual loss on plan assets was $27.2m (2007 gain $31.1m).

Plan assets are comprised as follows:

	As at November 30,	
	2008	2007
	U.S.$m	U.S.$m
Equities	63.0	104.4
Property	5.9	9.1
Corporate bonds	72.5	102.7
Fixed interest gilts	48.6	84.8
	190.0	301.0
Restriction on assets	-	(4.8)
	190.0	296.2

Other post employment benefits

Other post employment benefits include $13.5m (2007 $15.1m) in respect of an agreement to make annual payments to one of the non-executive directors for 15 years following retirement, further details of this arrangement are included in Part II of the Directors' Remuneration Report within Annex B of the Proxy Statement. In addition under Italian employment legislation Costa is required to maintain a staff leaving indemnity. Under the indemnity employees are entitled to receive a payment, calculated by reference to their length of service and 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, 2008 $15.4m (2007 $19.0m) had been provided by Costa.

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

22. Related party transactions

Group

Within the DLC structure there are a few instances where Carnival Corporation group companies provide services to the Carnival plc group and also where Carnival plc group companies provide services to the Carnival Corporation group. Costs paid by the Carnival plc group to the Carnival Corporation group during 2008 in respect of cruises sold together with a land tour package by Holland America Tours were $91.6m (2007 $79.2m) and costs paid by the Carnival Corporation group to the Carnival plc group in respect of Princess Tours' land tours were $77.0m (2007 $78.4m). These transactions represented the most significant trading relationship between the two groups.

During May 2008, Carnival Cruise Lines ("CCL"), a branch of Carnival Corporation, sold its vessel Celebration to Grand Celebration LDA, a subsidiary of Holding Division Iberocruceros S.L., Carnival plc's 75% owned Spanish operation, for €102.1m which was settled by a cash payment. Immediately prior to the sale Ibero had chartered the vessel for 13 days from CCL. CCL has also entered into a memorandum of agreement to sell its vessel Holiday, to Ibero for delivery in October 2009.

At November 30, 2008 the Group and Company had three ship charter agreements, which extend over a number of years, with Princess Cruises, a subsidiary of Carnival Corporation. The total annual charter payments to Princess Cruises in 2008 were $126.7m (2007 $80.6m).

Notes to the consolidated financial statements

22. Related party transactions *(continued)*

At November 30, 2008 the Carnival plc group owed $496.4m to the Carnival Corporation group (2007 owed by the Carnival Corporation group $70.1m); the amount was unsecured, non-interest bearing and repayable on demand. In addition, Carnival Corporation owns 665,450, or 0.3% (2007 nil), and Carnival Investments Limited owns 50,930,744, or 24.0% (2007 23.3%), of the Company's ordinary shares. During July 2008 Carnival Corporation and Carnival Investments Ltd 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 Parts I and II of the Directors' Remuneration Report and any relevant transactions are given in the "Transactions of Management and Directors" section, both in the Proxy Statement that accompanies this document. The aggregate emoluments of the Group's key management is shown in note 19.

Company
The key management personnel of the Company comprise members of the Board of Directors. Except for some share-based payments and some fees for UK based services, the directors did not receive any remuneration from the Company in 2008 (2007 nil), as their emoluments were borne by other companies within the DLC. Details of the Company share-based payments are disclosed in the Directors' Remuneration Report. The Company did not have any transactions with the directors during the 2008 financial year (2007 nil).

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. The company also received dividend income from its subsidiaries during 2007. The net cash outflow arising from loans with other Group companies was $108.8m (2007 outflow $664.4m).

Year end balances arising from transactions with subsidiaries are as follows:

	As at November 30,	
	2008	2007
	U.S.$m	U.S.$m
Receivables:		
Loans and advances due from Carnival Corporation group companies	-	119.5
Loans and advances due from subsidiaries	104.4	245.1
Payables:		
Loans and advances due to Carnival Corporation group companies	527.4	-
Loans and advances due to subsidiaries	2,056.3	2,606.3

In 2007, the Group purchased the Pacific Dawn from Princess for $97.8m, which was settled via intercompany account, the Company also purchased Ocean Village Two from its subsidiary Società di crociere Mercurio S.r.l. The €155m purchase price was settled in cash.

23. Commitments

Group
At November 30, 2008, the Group had contracted capital commitments relating to ship construction contracts amounting to $5.7bn (2007 $7.3bn). Ship capital commitments at November 30, 2008 include contract payments to the shipyards, design and engineering fees, construction oversight costs, various owner supplied items and capitalised interest. Of the cruise ship commitments at November 30, 2008 it is expected that the Group will pay $1.6bn in 2009, $2.1bn in 2010, $1.0bn in 2011 and $1.0bn in 2012.

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

	As at November 30,	
	2008	2007
	U.S.$m	U.S.$m
Aggregate expense on leases expiring:		
Within one year	2.6	1.9
Between one and five years	172.3	148.6
After five years	145.7	138.3
	320.6	288.8

Notes to the consolidated financial statements

23. Commitments *(continued)*

In addition to the aggregate operating lease commitments above, at November 30, 2008 the Group had aggregate commitments to pay $391.6m (2007 $77.1m), for certain port facilities usage extending over more than five years.

Company
At November 30, 2008, the Company had contracted capital commitments relating to ship construction contracts amounting to $1.2bn (2007 $2.3bn). Ship capital commitments at November 30, 2008 include contract payments to the shipyards, design and engineering fees, construction oversight costs, various owner supplied items and capitalised interest. Of the cruise ship commitments at November 30, 2008 it is expected that the Company will pay $0.1bn in 2009 and $1.1bn in 2010.

24. Contingent liabilities

As part of the DLC structure, Carnival plc has given a number of guarantees over Carnival Corporation obligations, details of which are given in note 3 of the Carnival Corporation & plc 2008 Annual Report. The fair value of these guarantees within the DLC structure is not significant in either 2008 or 2007 and they are not expected to result in any material loss.

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

In the normal course of business, various other claims and lawsuits have been filed or are pending against Carnival plc. Most of these claims and lawsuits are covered by insurance and, accordingly, the maximum amount of the Group's liability, net of any insurance recoverables, is typically limited to the Group's self-insurance retention levels. However, Carnival plc management believes the ultimate outcome of any such claims and lawsuits, which are not covered by insurance, cannot be determined at this time.

25. Financial instruments

As a result of the DLC structure and the cross guarantees provided to and from Carnival Corporation, the additional disclosures included within notes 2, 3 and 10 of the Carnival Corporation & plc 2008 Annual Report should be considered in evaluating the possible effects of financial instruments on the Group's financial position and performance.

Group financial assets are categorised as follows:

	Group		Company	
	As at November 30,			
	2008	2007	2008	2007
	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Cash and cash equivalents	491.1	823.5	414.3	757.1
Loans and receivables:				
Current trade receivables, net	213.2	248.8	88.4	122.6
Current other receivables	57.6	80.7	30.3	61.5
Amounts owed by Carnival Corporation	-	70.1	-	119.5
Amounts owed by subsidiaries	-	-	104.4	245.1
Non-current other receivables and recoverables	70.5	53.2	-	-
Derivatives used for hedging:				
Current derivative contracts receivable	12.6	5.6	12.6	5.4
Non-current derivative contracts receivable	104.4	3.3	104.4	3.3
	949.4	1,285.2	754.4	1,314.5

Current derivative contracts receivable are included within "prepaid expenses and other" in the balance sheet.

Group and Company financial liabilities are set out below in the following maturity tables. Except for derivative contracts payable, which are held at fair value, financial liabilities are held at amortised cost.

Notes to the consolidated financial statements

25. Financial instruments *(continued)*

The summary of the maturity profiles of the Group's financial liabilities at November 30, 2008 and 2007 is as follows:

	Within 1 year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Book value of debt	661.1	577.2	1,886.9	637.1	3,762.3
Debt issue costs and issue discounts	-	0.2	7.3	9.1	16.6
Recorded debt cash obligations	661.1	577.4	1,894.2	646.2	3,778.9
Amounts owed to Carnival Corporation	496.4	-	-	-	496.4
Derivative contracts payable	2.6	-	-	-	2.6
Unfunded post retirement obligations	0.7	0.8	2.9	9.1	13.5
Trade and other payables	1,407.4	-	-	-	1,407.4
Other financial liabilities	-	51.4	-	-	51.4
At November 30, 2008	2,568.2	629.6	1,897.1	655.3	5,750.2

	Within 1 year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Book value of debt	650.1	147.4	2,033.4	1,836.0	4,666.9
Debt issue costs and issue discounts	-	-	3.1	6.3	9.4
Recorded debt cash obligations	650.1	147.4	2,036.5	1,842.3	4,676.3
Derivative contracts payable	11.7	6.6	16.6	-	34.9
Unfunded post retirement obligations	0.7	0.8	2.9	10.7	15.1
Trade and other payables	1,817.0	-	-	-	1,817.0
Other financial liabilities	-	58.8	-	-	58.8
At November 30, 2007	2,479.5	213.6	2,056.0	1,853.0	6,602.1

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 in the Carnival Corporation & plc 2008 Annual Report MD&A is an analysis of recorded and unrecorded contracted cash obligations at November 30, 2008.

Capital management

Within the DLC structure the consolidated Carnival Corporations & plc group adopts a policy of maintaining a strong credit rating and covenant ratios to enable it to raise finance to fund continued growth at interest rates that maximise shareholder value. The Group manages its capital on a consolidated Carnival Corporation & plc basis, applying U.S. GAAP. The gearing ratios of the Carnival plc group within the DLC at November 30 were as follows:

	As at November 30,	
	2008	2007
	U.S.$m	U.S.$m
Interest bearing loans and borrowings	3,762.3	4,666.9
Less cash and cash equivalents	(491.1)	(823.5)
Net debt	3,271.2	3,843.4
Equity attributable to the equity holders of the Company	5,940.4	6,744.2
Total capital	9,211.6	10,587.6
Gearing ratio	35.5%	36.3%

The gearing ratio for the consolidated Carnival Corporation & plc group, applying U.S. GAAP, prepared on the same basis as above was 31.3% (2007 28.4%).

Liquidity risk

Within the DLC, liquidity and liquidity risk is assessed on a consolidated Carnival Corporation & plc basis. Within the DLC structure 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 debt financing agreements allow for either Carnival Corporation or Carnival plc to draw under 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 actual and forecast debt and cash positions of each side of the DLC at the time the funds are drawn.

25. Financial instruments *(continued)*

As noted in the Future Commitments and Funding Sources section in the Carnival Corporation & plc 2008 Annual Report MD&A, the consolidated group had adjusted committed undrawn facilities of $1.4 billion available for borrowing under revolving credit facilities and $1.9 billion under committed ship financing facilities at November 30, 2008.

Interest rate risk
The interest rate profile of financial assets and liabilities at November 30, 2008 was as follows:

Group	Within 1 year U.S.$m	Between 1 - 2 years U.S.$m	Between 2 - 5 years U.S.$m	Over 5 years U.S.$m	Total U.S.$m
Floating rate					
Cash and cash equivalents	491.1	-	-	-	491.1
Euro export credit facility	(26.6)	(24.8)	(74.4)	(131.6)	(257.4)
Euro bank loans	(0.9)	(466.9)	(139.7)	-	(607.5)
U.S. dollar revolving credit facility	(97.6)	-	(110.0)	-	(207.6)
Euro revolving credit facility	(176.5)	-	(31.7)	-	(208.2)
Short-term euro bank loans	(246.8)	-	-	-	(246.8)
Short-term U.S. dollar bank loans	(10.7)	-	-	-	(10.7)
	(68.0)	(491.7)	(355.8)	(131.6)	(1,047.1)
Fixed rate					
Bearing interest at 4.0% to 4.9%	(68.2)	(63.6)	(1,136.8)	(321.9)	(1,590.5)
Bearing interest at 6.0% to 6.9%	(22.8)	(21.6)	(87.0)	(25.4)	(156.8)
Bearing interest at 7.0% to 7.9%	(10.7)	-	(306.6)	(156.5)	(473.8)
Bearing interest above 8%	(0.3)	(0.3)	(0.7)	(1.7)	(3.0)
	(102.0)	(85.5)	(1,531.1)	(505.5)	(2,224.1)

Company	Within 1 year U.S.$m	Between 1 - 2 years U.S.$m	Between 2 - 5 years U.S.$m	Over 5 years U.S.$m	Total U.S.$m
Floating rate					
Cash and cash equivalents	414.3	-	-	-	414.3
Euro export credit facility	(26.6)	(24.8)	(74.4)	(131.6)	(257.4)
Euro bank loans	(0.9)	(466.9)	-	-	(467.8)
	386.8	(491.7)	(74.4)	(131.6)	(310.9)
Fixed rate					
Bearing interest at 4.0% to 4.9%	(68.2)	(63.6)	(1,136.8)	(321.9)	(1,590.5)
Bearing interest at 6.0% to 6.9%	(22.3)	(21.6)	(32.4)	-	(76.3)
Bearing interest at 7.0% to 7.9%	(9.4)	-	(306.4)	-	(315.8)
	(99.9)	(85.2)	(1,475.6)	(321.9)	(1,982.6)

At November 30, 2008, fixed rate debt is principally comprised of U.S. dollar export credit facilities due through 2020, of which $394.7m was swapped into sterling, euro bank loans due through 2012, euro private placement notes due through 2018 and euro and sterling publicly traded notes due 2013 and 2012, respectively.

25. Financial instruments *(continued)*

The interest rate profile of financial assets and liabilities at November 30, 2007 was as follows:

Group	Within 1 year U.S.$m	Between 1 - 2 years U.S.$m	Between 2 - 5 years U.S.$m	Over 5 years U.S.$m	Total U.S.$m
Floating rate					
Cash and cash equivalents	823.5	-	-	-	823.5
Euro export credit facility	(31.0)	(29.0)	(86.9)	(183.0)	(329.9)
Euro bank loans	(6.0)	-	(545.3)	-	(551.3)
U.S. dollar revolving credit facility	(210.5)	-	-	-	(210.5)
Euro revolving credit facility	(134.3)	-	(645.1)	-	(779.4)
Short-term euro bank loans	(116.8)	-	-	-	(116.8)
Short-term U.S. dollar bank loans	(14.9)	-	-	-	(14.9)
	310.0	(29.0)	(1,277.3)	(183.0)	(1,179.3)
Fixed rate					
Bearing interest at 4.0% to 4.9%	(96.9)	(92.8)	(278.5)	(1,650.3)	(2,118.5)
Bearing interest at 6.0% to 6.9%	(26.2)	(25.3)	(63.2)	-	(114.7)
Bearing interest at 7.0% to 7.9%	(13.2)	-	(413.6)	(0.8)	(427.6)
Bearing interest above 8%	(0.3)	(0.3)	(0.8)	(1.9)	(3.3)
	(136.6)	(118.4)	(756.1)	(1,653.0)	(2,664.1)

Company	Within 1 year U.S.$m	Between 1 - 2 years U.S.$m	Between 2 - 5 years U.S.$m	Over 5 years U.S.$m	Total U.S.$m
Floating rate					
Cash and cash equivalents	757.1	-	-	-	757.1
Euro export credit facility	(31.0)	(29.0)	(86.9)	(183.0)	(329.9)
Euro bank loans	(6.0)	-	(545.3)	-	(551.3)
	720.1	(29.0)	(632.2)	(183.0)	(124.1)
Fixed rate					
Bearing interest at 4.0% to 4.9%	(96.9)	(92.8)	(278.5)	(1,650.3)	(2,118.5)
Bearing interest at 6.0% to 6.9%	(26.2)	(25.3)	(63.2)	-	(114.7)
Bearing interest at 7.0% to 7.9%	(12.8)	-	(413.5)	-	(426.3)
	(135.9)	(118.1)	(755.2)	(1,650.3)	(2,659.5)

Foreign currency risk
At November 30, 2008 approximately 95% of Group net operating assets were denominated in non U.S. dollar currencies, of which approximately 64% were denominated in euros, 31% in sterling with the remainder in U.S. and Australian dollars, with the result that the Group's U.S. dollar consolidated balance sheet, and in particular shareholders' funds, can be affected by currency movements. The Group partially mitigates the effect of such movements by borrowing 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 U.S. dollars, principally the euro and sterling. The results of these businesses are translated into U.S. dollars at average exchange rates for the purposes of consolidation. The impact of currency movements on operating profit is mitigated partially by some interest costs being incurred in non U.S. dollar currencies. Within the DLC, foreign currency risks are considered on a combined Carnival Corp & plc basis, a discussion of how these risks are dealt with is included in the "Foreign Currency Exchange Rate Risks" section in the Carnival Corporation & plc 2008 Annual Report MD&A.

Notes to the consolidated financial statements

25. Financial instruments *(continued)*

Changes in exchange rates have an impact on consolidated earnings. The impact on net income of a 10% change in exchange rates applicable to the translation of the Group's non-U.S. dollar functional currency businesses is as follows:

	Change in Exchange rate	2008 U.S.$m	2007 U.S.$m
Euro	+10%	98.8	82.0
Euro	-10%	(98.8)	(82.0)
Sterling	+10%	70.6	54.4
Sterling	-10%	(70.6)	(54.4)
Australian dollar	+10%	6.5	1.8
Australian dollar	-10%	(6.5)	(1.8)

The exchange rates for each of our major currencies during the periods were as follows:

	2008			2007		
	U.S.$:£	U.S.$:euro	U.S.$:Aus$	U.S.$:£	U.S.$:euro	U.S.$:Aus$
Period end exchange rates	1.539	1.270	0.655	2.081	1.483	0.890
Simple average exchange rates for the year	1.887	1.474	0.857	2.000	1.357	0.829

At November 30, the fair value of derivatives included in the balance sheet was as follows:

Group	2008		2007	
	Assets U.S.$m	Liabilities U.S.$m	Assets U.S.$m	Liabilities U.S.$m
Current portion:				
Interest rate swaps – cash flow hedges	-	(2.6)	0.2	-
Forward exchange contracts	12.6	-	5.4	(11.7)
	12.6	(2.6)	5.6	(11.7)
Non-current portion:				
Forward exchange contracts	104.4	-	3.3	(23.2)
	104.4	-	3.3	(23.2)

Company	2008		2007	
	Assets U.S.$m	Liabilities U.S.$m	Assets U.S.$m	Liabilities U.S.$m
Current portion:				
Interest rate swaps – cash flow hedges	-	(2.6)	-	-
Forward exchange contracts	12.6	-	5.4	(11.7)
	12.6	(2.6)	5.4	(11.7)
Non-current portion:				
Forward exchange contracts	104.4	-	3.3	(23.2)
	104.4	-	3.3	(23.2)

Notes to the consolidated financial statements

25. Financial instruments *(continued)*

The carrying amount and fair value of debt are as follows:

Group	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Euro export credit facilities	257.4	168.8	329.9	333.1
Euro bank loans	607.5	433.1	551.3	545.7
U.S. dollar revolving credit facility	207.6	187.3	210.5	210.5
Euro revolving credit facility	208.2	204.6	779.4	778.7
Euro bank loans	246.8	244.4	116.8	116.2
U.S. dollar bank loans	10.7	11.6	14.9	14.9
	1,538.2	1,249.8	2,002.8	1,999.1
Fixed rate				
Bearing interest at 4.0% to 4.9%	1,590.5	1,176.5	2,118.5	2,023.4
Bearing interest at 6.0% to 6.9%	156.8	138.9	114.7	137.2
Bearing interest at 7.0% to 7.9%	473.8	406.4	427.6	439.6
Bearing interest above 8%	3.0	3.0	3.3	3.3
	2,224.1	1,724.8	2,664.1	2,603.5

Company	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Floating rate	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Euro export credit facilities	257.4	168.8	329.9	333.1
Euro bank loans	467.8	323.6	551.3	545.7
	725.2	492.4	881.2	878.8
Fixed rate				
Bearing interest at 4.0% to 4.9%	1,590.5	1,176.5	2,118.5	2,023.4
Bearing interest at 6.0% to 6.9%	76.3	70.0	114.7	137.2
Bearing interest at 7.0% to 7.9%	315.8	286.3	426.3	438.6
	1,982.6	1,532.8	2,659.5	2,599.2

The fair values of publicly traded debt were based on market prices. The fair values of other debt were estimated based on appropriate market interest rates being applied to this debt.

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. We seek to minimise our credit risk exposure by transacting business with authorised counterparties, which are primarily comprised of large, well-established financial institutions that have long-term credit ratings of A or above, and by diversifying our counterparties. In addition, we have established guidelines regarding credit ratings and investment maturities that we follow to help maintain liquidity and minimise risk. We do not currently anticipate nonperformance by any of our significant counterparties.

The Group also monitors the creditworthiness of those travel agencies and tour operators to whom we extend credit in the normal course of our business. Concentration of credit risk associated with these receivables is considered minimal primarily due to their short maturities and the large number of unrelated accounts with whom we trade. Historically we have experienced minimal credit losses on our trade receivables. We do not normally require collateral or other security to support normal credit sales, but in some cases we have purchased credit insurance to reduce our exposure.

The Group will normally require collateral and/or guarantees to support notes receivable on significant asset sales and new ship progress payments to shipyards.

25. Financial instruments *(continued)*

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

The Group's ship commitments are typically denominated in euros and thus the Group can become exposed to currency risks when ordering ships for its UK and Australian brands. These risks can be mitigated by entering into foreign currency forwards and options. The decision over whether to hedge ship commitments is made on a case-by-case basis, taking into consideration the amount and duration of the exposure, market volatility, exchange rate correlation, economic trends and other offsetting risks.

Additional detail relating to the Group's financial risk management objectives and policies is included in the MD&A within the Carnival Corporation & plc 2008 Annual Report.

Report of the independent auditors to the members of Carnival plc

We have audited the Group and Parent Company financial statements (the ''financial statements'') of Carnival plc for the year ended November 30, 2008 which comprise the Group income statements, the Group and Parent Company balance sheets, the Group and Parent Company statements of cash flow, the Group and Parent Company statements of recognised income and expense, the Group and Parent Company statements of changes in total equity and the related notes, including the Carnival Corporation & plc consolidated financial statements on pages 5 to 31 of the Carnival Corporation & plc 2008 Annual Report. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report in Annex B to the Proxy Statement that is described as having been audited.

Respective responsibilities of directors and auditors
The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRS"), are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information in the Directors' Report includes that specific information that is cross referred from the Business review and future developments section of the Directors' Report.

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

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the Combined Code 2006 specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the 2008 Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only pages 1 to 3 and 34 to 56 of the Carnival Corporation & plc 2008 Annual Report and the Proxy Statement and related Annexes (excluding that part of Annex B that is described as having been audited). We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group’s affairs as at November 30, 2008 and of its net income and cash flow for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company’s affairs as at November 30, 2008 and cash flow for the year then ended;
- the financial statements and the part of the Directors’ Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
17 February 2009

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

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