AMENDING

Disney Magic Company Limited
(Registered number: 3585635)

Directors' Report and Financial Statements
For the year ended 1 October 2011

Directors' report and financial statements
For the year ended 1 October 2011

Contents

Directors' report for the year ended 1 October 2011

The directors present their annual report and audited financial statements of the Company for the period ended 1 October 2011 The financial year represents the 52 weeks ended Saturday 1 October 2011 (prior year the 52 weeks ended 2 October 2010)

Principal activities, review of business and future developments

The Companys principal activity is the leasing of a luxury cruise vessel The Company was incorporated and commenced trading in June 1998 The directors are satisfied with the performance of the Company and look forward to the future with optimism

It is considered that the Company's activities will remain unchanged for the foreseeable future

In FY11, Disney Magic Company Limited extended the operating lease on Disney Magic which expires in FY13

Results and dividends

The Company's profit for the period is $17,600,000 (2010 $20,900,000) The directors do not recommend the payment of a dividend (2010 $nil)

Principal risks and uncertainties and future outlook

From the perspective of the Company, its' principal risks and uncertainties and future outlook are integrated with those of The Walt Disney Company and are not managed separately Accordingly, The Walt Disney Company annual report should be referred to in order to gain a more detailed understanding of business performance and related risks and uncertainties

Key performance indicators ("KPIs")

Given the nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Financial risk management

The Company's operations expose it to financial risks, the most significant of which is credit risk The Company has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual counterparty is subject to a limit, which is assessed continually by the Company's credit control function

Directors

The directors who held office during the period and up to the date of approval of the financial statements are given below

N Cook
M Reed
T Wolber

Directors' Report For The Year Ended 1 October 2011 (continued)

Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware Each director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the Board

N Cook
Director
27 June 2012

Registered Office
3 Queen Caroline Street
Hammersmith
London
W6 9PE

Independent Auditors' Report To The Members Of Disney Magic Company Limited

We have audited the financial statements of Disney Magic Company Limited (the "company") for the year ended 1 October 2011 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 1 October 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report To The Members Of Disney Magic Company Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Robin Holgate (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 June 2012

Profit And Loss Account For The Year Ended 1 October 2011

	Note	2011 $'000	2010 $'000
Turnover		**28,213**	33,711
Cost of sales		**(11,557)**	(11,558)
Gross profit		**16,656**	22,153
Administrative expenses		**(44)**	(31)
Operating profit	2	**16,612**	22,122
Interest receivable and similar income	3	**1,311**	1,330
Interest payable and similar charges	4	**(25)**	(2,132)
Profit on ordinary activities before taxation		**17,898**	21,320
Tax on profit on ordinary activities	5	**(298)**	(420)
Profit for the financial period	10	**17,600**	20,900

The Company has no other gains or losses for the period other than those reported in the profit and loss account and consequently no statement of total recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the year and their historical cost equivalents

The results shown above are derived from continuing operations

Disney Magic Company Limited

Balance Sheet as at 1 October 2011

(Registered number 3585635)

	Note	As at 1 October 2011 $'000	As at 2 October 2010 $'000
Fixed assets			
Tangible assets	6	194,528	206,085
		194,528	206,085
Current assets			
Debtors	7	238,858	210,190
Cash at bank and in hand		346	-
Creditors amounts falling due within one year	8	(135)	(277)
Net current assets		239,070	209,913
Total assets less current liabilities		433,598	415,998
Net assets		433,598	415,998
Capital and reserves			
Called up share capital	9	-	-
Share premium account	10	400,514	400,514
Other reserves	10	1,179	1,179
Profit and loss account	10	31,905	14,305
Total shareholders' funds	11	433,598	415,998

The financial statements on pages 7 to 15 were approved by the Board on 27 June 2012 and were signed on its behalf by

N Cook
Director

27 June 2012

Notes to the Financial Statements for the Year ended 1 October 2011

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom on a basis consistent with the prior period The principal accounting policies are set out below

a) Reporting currency and presentation

The financial statements are presented in US dollars as that is the functional currency in which the Company operates

b) Turnover

Operating lease income is derived from a 12-year operating lease, which includes a reduced lease holiday, between the Company and a fellow subsidiary undertaking and is recognised on a straight-line basis over the term of the lease In FY10, the operating lease was derived from a 15 year old lease which included a one year lease holiday between the Company and a fellow subsidiary undertaking and was recognised on a straight-line basis over the term of the lease

c) Tangible fixed assets

The amount capitalised is the present value of the minimum lease payments payable during the lease term and is stated at cost less accumulated depreciation The corresponding lease commitments are shown as obligations to the lessor

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Depreciation on the relevant assets and interest are charged to the profit and loss account Depreciation is calculated to write off the cost of these assets to estimated residual value, on a straight-line basis over the expected useful life of the asset concerned, for cruise ships this is 30 years and for leasehold improvements this is 10 years

d) Capitalised interest

Interest borne by the Company in relation to the funding of tangible fixed assets is capitalised within tangible fixed assets

e) Operating and finance leases

Rental revenues under operating leases are recognised on a straight-line basis over the lease term Assets held under finance leases are capitalised at the present value of the minimum lease payments payable during the lease term The corresponding lease commitments are shown as obligations to the lessor Depreciation on the relevant assets and interest are charged to the profit and loss account

Notes To The Financial Statements For The Year Ended 1 October 2011 (continued)

1 Accounting policies (continued)

f) Foreign currencies

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contracted rate if applicable and any exchange differences arising are taken to the profit and loss account

The principal exchange rates against the US dollar affecting the Company were

	2011		2010	
	Period end	**Average**	Period end	Average
British pound sterling	**£0 64**	**£0 62**	£0 64	£0 64

g) Taxation

Corporation tax payable is provided on taxable profits at the current rate

The Company entered the UK tonnage tax regime on 29 June 2008 The Company's trading profit, is subject to the Tonnage tax regime for the full year and only non-trading income remains subject to corporation tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

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 substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

h) Cash flow statement

The Company is a wholly owned subsidiary of The Walt Disney Company, incorporated in the United States of America, and is included in its consolidated financial statements, which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the term of Financial Reporting Standard 1 (Revised 1996)

i) Accounting reference date

The Company has taken advantage of flexibility under the Companies Act 2006 to end the accounting period on the closest Saturday to 30 September each year An accounting reference date of 1 October 2011 has been adopted for the current period

The financial period represents the 52 weeks ended Saturday 1 October 2011 (prior period 52 weeks ended 2nd October 2010)

Notes To The Financial Statements For The Year Ended 1 October 2011 (continued)

2 Operating Profit

Operating profit is stated after charging the following items

	2011 $000	2010 $000
Depreciation of assets held under finance leases	-	2,723
Depreciation of assets	11,557	8,834
Auditor's remuneration for audit work	28	26

The Company had no employees during the period ended 1 October 2011 (2010 nil)

3 Interest receivable and similar income

	2011 $000	2010 $000
Interest from Group Undertakings	1,311	1,330

4 Interest Payable and Similar Charges

	2011 $000	2010 $000
Interest payable on finance leases	-	(612)
Interest payable and similar charges	(25)	(612)
Foreign exchange (losses) on finance lease obligations	-	(1520)
Total	(25)	(2,132)

5 Tax on profit on ordinary activities

The charge for taxation is based upon the taxable profit for the period and comprises

	2011 $000	2010 $000
Tax on profit on ordinary activities		
Current tax		
UK corporation tax at 27% (2010 28%)	354	372
Tonnage tax	22	23
Adjustment in respect of prior period	(78)	25
Total current tax charge for the period	298	420

Notes to the Financial Statements for the Year Ended 1 October 2011 (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower (2010 lower) than the standard rate of corporation tax in the UK (27%) The differences are explained below

	2011 $000	2010 $000
Profit on ordinary activities before tax	17,898	21,320
Expected tax at 27% (2010 28%)	4,832	5,969
Effects of		
Tonnage tax income	(4,456)	(5,574)
Adjustment in respect of prior period	(78)	25
Current tax charge for period	298	420

Factors affecting the future tax charges

A number of changes to the UK Corporation tax system were announced in the June 2011 Budget Statement The Finance (No2) Act 2011, which was substantively enacted on 20 July 2011, includes legislation reducing the main rate of corporation tax from 28% to 26% from April 2011 A reduction to the UK corporation tax rate to 24% has been substantively enacted on 26 March 2012 Further reductions to the UK Corporation Tax rate by 1% per annum to 22% by 1 April 2014 have been announced and are expected to be enacted separately each year These further changes have not been recognised in these financial statements as they had not been substantively enacted at the balance sheet date

The company has no deferred tax recognised or unrecognised, that would be affected by the change in tax rates

6 Tangible Fixed Assets

	Leasehold Improvements $000	Cruise Ship $000	Total $000
Cost			
At 3 October 2010	26,747	346,473	373,220
At 1 October 2011	26,747	346,473	373,220
Accumulated depreciation			
At 3 October 2010	(26,747)	(140,388)	(167,135)
Charge for the period	-	(11,557)	(11,557)
At 1 October 2011	(26,747)	(151,945)	(178,692)
Net book amount			
At 1 October 2011	-	194,528	194,528
At 2 October 2010	-	206,085	206,085

Notes to the Financial Statements for the Year Ended 1 October 2011 (continued)

7 Debtors

	2011 $000	2010 $000
Amounts owed by group undertakings	237,312	208,718
Tax debtor	1,546	1,472
Total	238,858	210,190

$226,248,890 of amounts owed by group undertakings is unsecured, interest bearing (based on the six monthly LIBOR rates) and repayable on demand The remaining amounts owed by group undertakings are unsecured, interest free, and have no fixed date of repayment

8 Creditors: amounts falling due within one year

	2011 $000	2010 $000
Amount owed to group undertakings	135	277
Total	135	277

9 Called up share capital

	2011 $	2010 $
Authorised 100 Ordinary shares of £1 each converted at an exchange rate of $1 56 (2010 $1 59)	156	159
Allotted and fully paid 10 ordinary shares of £1 each (9 converted at an exchange rate of $1 56 and 1 converted at $1 64)	16	16

Notes to the Financial Statements for the Year Ended 1 October 2011 (continued)

10 Reserves

	Other reserves $000	Profit and Loss Account $000	Share Premium Account $000	Total Reserves $000
At 2 October 2010	1,179	14,305	400,514	415,998
Retained profit for the financial period	-	17,600	-	**17,600**
At 1 October 2011	**1,179**	**31,905**	**400,514**	**433,598**

11 Reconciliation of movements in shareholder's funds

	2011 $000	2010 $000
Profit for the financial year	**17,600**	20,900
Premium on ordinary shares issued	-	400,514
Shareholders' funds / (deficit) as at beginning of period	**415,998**	(5,416)
Shareholders' funds	**433,598**	415,998

12 Directors Emoluments

The directors received remuneration £nil (2010 £nil) in respect of their qualifying services as a director of the Company Two directors (2010 two) exercised share options in the ultimate parent company during the period Retirement benefits are accruing to two directors (2010 two) under a defined contribution scheme held by the ultimate parent

Notes to the Financial Statements for the Year Ended 1 October 2011 (continued)

13 Ultimate parent undertaking

Ultimate parent

The Company is a wholly owned subsidiary of Disney Magic Corporation, incorporated in the United States of America, whose ultimate parent is The Walt Disney Company, incorporated in the United States of America The directors regard The Walt Disney Company to be the ultimate controlling party

Parent undertaking

The largest and smallest group for which financial statements are prepared and of which the Company is a member are as follows

Name	The Walt Disney Company
Country of Incorporation	United States of America
Address from where copies of the group financial statements can be obtained	500 South Buena Vista St Burbank, California 91521-9722 USA

14 Related party transactions

As previously stated, the Company is a wholly owned subsidiary of The Walt Disney Company and utilises the exemption contained in FRS 8, Related Party Disclosures, not to disclose any transactions with entities that are included in the consolidated financial statements of The Walt Disney Company The address at which the consolidated financial statements of the ultimate parent company are publicly available is included in Note 13