COMPANY REGISTRATION NUMBER: 06038090

P&O FERRIES DIVISION HOLDINGS LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

P&O FERRIES DIVISION HOLDINGS LIMITED

CONTENTS

P&O FERRIES DIVISION HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report for the year ended 31 December 2016.

BUSINESS REVIEW

Principal activities

The Group's principal activity during the year continued to be transportation via ferry and road transport services between Great Britain, Ireland and Continental Europe. P&O Ferries Division Holdings Limited ("the Company") is a holding company.

The P&O Ferries Division Holdings Limited Group consists of two principal businesses: the operation of ferry services between Great Britain, Ireland and Continental Europe (Ferries) and the provision of European transportation and logistics services (Ferrymasters).

Results and Dividends

The profit for the year, after taxation, amounted to £47.1m (2015: profit £26.3m). The directors have not recommended a final dividend (2015: £nil). No interim dividends were paid in the year (2015: £nil).

Key Performance Indicators and Performance Review

In 2016 the Group built upon 2015's improved trading result to deliver further year on year increases in revenue, operating profit and profit after tax. The Short Sea, North Sea and Irish Sea sectors all generated increases in operating profit. Ferrymasters revenue increased from 2015 levels but increased operating costs resulted in a net year on year reduction in its operating profit.

	2016	**2015**
FERRIES:		
Freight units carried (thousands)	2,204	2,242
Tourist vehicles carried (thousands)	1,491	1,678
Total passengers carried (thousands)	8,675	9,855
FERRYMASTERS:		
Total units transported (thousands)	503	522

2016's increase in Group revenue was driven by freight, where a slight reduction in volumes was offset by a year on year increase in average rate in sterling terms. Tourist volumes suffered from a market volume contraction, although the negative revenue impact was partially mitigated by improved tourist yield and increased on board spend per head.

The weak pound in the second half of 2016 caused an increase in the Group's Euro denominated revenues, particularly freight, however, this was partially offset by an increase in Euro denominated costs.

The Group continued to invest in technology that helped improve fuel consumption which, coupled with low fuel prices, contributed to its increased profitability.

BUSINESS REVIEW (CONTINUED)

Key Performance Indicators and Performance Review (continued)

The Group's key financial performance indicators during the year were as follows:

	2016	2015
Revenue (£m)	973.9	935.9
Gross Profit (£m)	149.1	105.6
Gross Profit Margin (%)	15.3	11.3
Operating Profit/(Loss) (£m)	63.2	33.7
Profit After Tax (£m)	47.1	26.3
EBITDA (£m)	106.6	84.8
Capital Expenditure (£m)	12.0	9.0
Net Assets (£m)	384.5	327.2
Net Debt (£m)	134.8	160.0

The Group's operating profit for 2016 includes £0.6m of net exceptional income (2015: £11.7m exceptional income), which includes £1.7m of income relating to a pension curtailment gain.

Net finance costs of £15.3m (2015: £7.0m) include £2.6m (2015: £10.4m) of income relating to an increase of a cash balance that has been accruing to the Group as part of the financing arrangements of our external loan facilities. As at 31 December 2016, £50.8m (2015: £41.3m) has accrued to the Group and has been recognised as restricted cash in the statement of financial position pending receipt in January 2017. The amount recognised is net of the financing fees associated with the arrangement and Euro to sterling revaluation adjustments.

Profit before tax for 2016 was £47.9m (2014: £26.8m). The taxation for the year is disclosed in note 8 to the financial statements.

The Group's defined benefit pension liability decreased to £246.7m (2015: £293.3m) in the year, principally due to the actuarial gains and lower asset ceiling adjustments in the year. Further details in respect of pension schemes and risks are set out in note 17 of the financial statements and in the Principal Risks and Uncertainties section of the Strategic Report.

Financial instruments

Details of the Group's financial instruments are presented in note 22.

FUTURE DEVELOPMENTS

The Short Sea market during 2016 saw DFDS grow as a result of the additional capacity they acquired from MyFerryLink during 2015. The tourist market on Dover Calais suffered from a market volume contraction, from a combination of fears over migrant activity in Calais Port, European terrorist fears and a weaker pound during the second half of the year. Against this background, we have been able to drive some revenue growth through increases in tourist yield but reduced passenger volumes reduced our on board services revenue. During 2017 we expect to further capitalise on volume growth as the Calais migrant camp has been cleared. We will continue to develop our web platform to drive incremental growth in tourist yield and continue to effect cost control. The Freight revenue position improved in 2016 from increased average rates and recovery of volumes during the second half of the year, which has continued into the first quarter of 2017.

In 2016 the North Sea sector returned to profitability. In the early part of 2017 we shall be refitting our two ROPAX ships on the Hull Zeebrugge route (the Pride of York and the Pride of Bruges) and we expect to improve our on board passenger offer. On the freight side of the business we shall continue to focus on providing value added services to commercial drivers on both Humber routes. In addition we continue to increase volumes on Teesport Zeebrugge to support our two ship daily service. With fuel prices higher in 2017 than in 2016, we shall look for opportunities to improve our cost base through fuel efficiencies and improved utilisation of port labour pools.

On the Irish Sea, competition remains strong on both the Northern Corridor and Central routes. Freight market growth is expected on both routes in 2017. On the central route a competitor has deployed significant tonnage which is catering for the unaccompanied freight business. Tourist volumes for our services out of Cairnryan were successful in retaining Troon Larne service traffic following Troon's closure in 2015. Material investment in the tourist facilities on our Larne Cairnryan fleet will come on stream in time for the Summer in 2017, whilst the A8 road upgrade has improved Larne's accessibility.

PRINCIPAL RISKS AND UNCERTAINTIES

FUEL PRICE RISK

The Group has highly predictable requirements for bunker fuels for its ferry fleet and fuel prices remain volatile. Ferries' strategy is to buy hedges in layers. In addition, Ferries is able to mitigate some of the effect of rising fuel costs through the application of fuel surcharges to customers.

COMPETITION AND MARKET SUPPLY

The Group closely monitors competition in its markets, both from existing operators and potential new entrants. Capacity changes resulting from the deployment of new ships, or changes to schedules are assessed and appropriate actions taken in response. With relatively long lead times in the building of new ships or the development of port capacity, long term market demand and supply projections are undertaken and these are incorporated into the design of the Group's new ships.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

MACRO ECONOMIC RISK
The current economic environment continues to be challenging. The directors consider that the Group has appropriate planning processes in place to address this future uncertainty and the directors continue to monitor the trading outlook carefully and take appropriate mitigating action.

PENSIONS
The Group may be exposed to additional liabilities with respect to its participation in various defined benefit pension schemes.

As a result of the Group's exposure to the industry wide Merchant Navy Officers Pension Fund and Merchant Navy Ratings Pension Fund, the Group has a relatively high proportion of deferred pensioners compared to its active membership. Both industry schemes have joint and several liabilities which increase the exposure of the Group to additional liabilities.

A decline in the equity market, improvements in the life expectancy or decreases in real or nominal long term interest rates could require additional contributions in excess of those currently expected and greater than the liabilities currently estimated.

In addition to regular reporting under IAS19, the Group regularly monitors the performance of the principal schemes.

FINANCIAL RISK MANAGEMENT
The Group is also exposed to financial risks such as Credit risk, Liquidity risk, Market risk, Interest rate risk, Foreign exchange risk, and Capital Management. Further detail of these risks is presented in the Group's financial risk management policy at note 1 to the financial statements.

UNITED KINGDOM LEAVING THE EUROPEAN UNION
The referendum result on the 23 June 2016 and the impending activation of "Article 50" of the Treaty of Lisbon will see the UK leave the EU as early as 2019. This has introduced uncertainty to the trading, legal and regulatory environment we operate under. The company is seeking to ensure post "Brexit" that UK trade routes with the EU remain as fluid and seamless as possible for both freight and people.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future, and accordingly the going concern basis continues to be adopted in the preparation of the financial statements.

The Board continues to carefully manage the Group's funding position, liquidity position, covenant compliance and pension obligations. The main sources of debt funding are external bank loans, an asset backed credit facility, overdraft facilities and ship finance leases.

The Group's debt funding is subject to the following covenants, comprising the following ratios: net debt to earnings before exceptional items, interest, tax, depreciation and amortisation ('EBITDA'); EBITDA to interest payable; and secured borrowings to tangible fixed assets. All covenants, which are tested six monthly, were met during the year and as at the year end.

On the basis of its forecasts, including covenant testing, the Board has concluded that the going concern basis of preparation continues to be appropriate. The Board's considerations have included consideration of future forecasts, adjusted for worse economic conditions, and mitigating actions and alternative financing measures available to the Group. The Board has also considered the potential commitment and timing of the Group's ongoing future defined benefit pension obligations.

Approved by the Board on 6 April 2017 and signed on its behalf by:

K Howarth
Director

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the consolidated financial statements of the P&O Ferries Division Holdings Limited group ('the Group') for the year ended 31 December 2016.

DIRECTORS

The directors who held office during the year were as follows:

H Deeble

K Howarth

Y Narayan

R B Woods

J M K Bin Theniyeh

R S Ntuli

S A R H Al Rais

No director had any interest in the share capital of the Company during the year or at the year end. No rights to subscribe for shares in or debentures of the Company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

DIRECTORS INDEMNIFICATION

Relevant personnel at P&O Ferries Division Holdings Limited are covered by the Directors and Officers liability Insurance arranged by Port and Free Zone World with Chubb Insurance and others. The main limit is US$100,000,000 which applies to either a single claim or to cap the total claims submitted within an insured period.

POLITICAL DONATIONS

The Company made no political donations and incurred no political expenditure during the year (2015: £nil).

EMPLOYMENT OF DISABLED PERSONS

It is the Group's policy to give consideration to disabled people in selection for employment, training and career development opportunities, and to take action to facilitate the continuing employment of people who become disabled while on the Group's payroll. This policy is applied in a manner consistent with good business practice and the Group's regard for the health and safety of all employees and the community at large.

EMPLOYEE INVOLVEMENT

The Group is committed to communication with all employees and has in place arrangements to facilitate periodic meetings with representatives of the staff. Matters of interest concerning the Group as a whole as well as those of a local interest are communicated in writing.

Various profit sharing schemes for Group employees are in operation.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

REAPPOINTMENT OF AUDITORS

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 6 April 2017 and signed on its behalf by:

K Howarth
Director

Registered office:
Channel House
Channel View Road
Dover
CT17 9TJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 Group and Parent Company and of their profit or loss for that period.

In preparing each of the Group and Parent Company 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;
- for the Group financial statements, state whether they have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P&O FERRIES DIVISION HOLDINGS LIMITED

We have audited the financial statements of P&O Ferries Division Holdings Limited for the year ended 31 December 2016, set out on pages 11 to 64. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities (set out on page 8), 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements 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 Strategic Report and the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF P&O FERRIES DIVISION HOLDINGS 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements 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

David Dey

David Derbyshire (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 7 April 2016

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £ 000	2015 £ 000
Revenue	2	973,920	935,903
Cost of sales		(824,771)	(830,262)
Gross profit		149,149	105,641
Administrative expenses		(85,908)	(71,918)
Operating profit before separately disclosed items		62,645	22,062
Separately disclosed items	3	596	11,661
Operating profit		63,241	33,723
Finance income		4,134	10,644
Finance costs		(19,472)	(17,603)
Net finance cost	4	(15,338)	(6,959)
Share of loss of equity accounted investees	11	(35)	-
Profit before tax		47,868	26,764
Income tax expense	8	(754)	(450)
Profit for the year		47,114	26,314
Profit attributable to:			
Owners of the company		47,114	26,314

The above results were derived from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £ 000	2015 £ 000
Profit for the year		47,114	26,314
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations		7,983	(38,185)
Income tax on remeasurement of post employment benefit obligations	8	1,110	(273)
		9,093	(38,458)
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) on cash flow hedges (net)		1,369	3,708
Foreign currency translation gains		(233)	215
		1,136	3,923
Total comprehensive income for the year		57,343	(8,221)
Total comprehensive loss attributable to:			
Owners of the company		57,343	(8,221)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (REGISTRATION NUMBER: 06038090)

	Note	31 December 2016 £ 000	31 December 2015 £ 000
Assets			
Non-current assets			
Property, plant and equipment	9	477,311	509,546
Intangible assets	10	292,170	291,438
Equity accounted investments	11	222	-
Deferred tax assets	8	1,653	1,038
		771,356	802,022
Current assets			
Inventories	12	13,668	11,675
Trade and other receivables	13	158,006	127,033
Cash and cash equivalents	14	54,972	59,389
Restricted cash	14	50,752	37,590
		277,398	235,687
Total assets		1,048,754	1,037,709
Liabilities and equity			
Current liabilities			
Trade and other payables	16	(162,986)	(146,749)
Loans and borrowings	15	(44,529)	(70,344)
Income tax liability		(2,634)	(2,074)
Retirement benefit obligations	17	(33,829)	(20,400)
Provisions	18	(10,724)	(10,430)
		(254,702)	(249,997)
Non-current liabilities			
Loans and borrowings	15	(196,034)	(186,680)
Retirement benefit obligations	17	(213,405)	(273,484)
Deferred tax liabilities	8	(100)	(378)
		(409,539)	(460,542)
Total liabilities		(664,241)	(710,539)

The notes on pages 19 to 64 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (REGISTRATION NUMBER: 06038090)

	Note	31 December 2016 £ 000	31 December 2015 £ 000
Equity			
Share capital	19	(428,542)	(428,542)
Share premium		(107,135)	(107,135)
Foreign currency translation reserve		(173)	(406)
Cash flow hedging reserve		3,003	4,372
Other reserves		277,141	286,234
Retained earnings		(128,807)	(81,693)
Equity attributable to owners of the company		(384,513)	(327,170)
Total liabilities and equity		(1,048,754)	(1,037,709)

Approved by the Board on 6 April 2017 and signed on its behalf by:

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K Howarth
Director

The notes on pages 19 to 64 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 (REGISTRATION NUMBER: 06038090)

	Note	31 December 2016 £ 000	31 December 2015 £ 000
Assets			
Non-current assets			
Investments in subsidiaries, joint ventures and associates	11	396,849	396,849
Current assets			
Trade and other receivables	13	117,114	131,679
Total assets		513,963	528,528
Liabilities and equity			
Current liabilities			
Trade and other payables	16	(137,949)	(178,745)
Equity			
Share capital	19	(428,542)	(428,542)
Share premium		(107,135)	(107,135)
Cash flow hedging reserve		(935)	-
Retained earnings		160,598	185,894
Total equity		(376,014)	(349,783)
Total liabilities and equity		(513,963)	(528,528)

Approved by the Board on 6 April 2017 and signed on its behalf by:

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K Howarth

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £ 000	Share premium £ 000	Foreign currency translation £ 000	Cash flow hedging reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000	Total equity £ 000
At 1 January 2016	428,542	107,135	406	(4,372)	(286,234)	81,693	327,170	327,170
Profit for the year	-	-	-	-	-	47,114	47,114	47,114
Other comprehensive income/(loss)	-	-	(233)	1,369	9,093	-	10,229	10,229
Total comprehensive income/(loss)	-	-	(233)	1,369	9,093	47,114	57,343	57,343
At 31 December 2016	428,542	107,135	173	(3,003)	(277,141)	128,807	384,513	384,513

	Share capital £ 000	Share premium £ 000	Foreign currency translation £ 000	Cash flow hedging reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000	Total equity £ 000
At 1 January 2015	428,542	107,135	191	(8,080)	(247,776)	55,379	335,391	335,391
Profit for the year	-	-	-	-	-	26,314	26,314	26,314
Other comprehensive income/(loss)	-	-	215	3,708	(38,458)	-	(34,535)	(34,535)
Total comprehensive income/(loss)	-	-	215	3,708	(38,458)	26,314	(8,221)	(8,221)
At 31 December 2015	428,542	107,135	406	(4,372)	(286,234)	81,693	327,170	327,170

The notes on pages 19 to 64 form an integral part of these financial statements.

P&O FERRIES DIVISION HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £ 000	Share premium £ 000	Cash flow hedging reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2016	428,542	107,135	-	(185,894)	349,783
Profit for the year	-	-	-	25,296	25,296
Other comprehensive income	-	-	935	-	935
Total comprehensive income	-	-	935	25,296	26,231
At 31 December 2016	428,542	107,135	935	(160,598)	376,014

	Share capital £ 000	Share premium £ 000	Cash flow hedging reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	428,542	107,135	-	(186,500)	349,177
Profit for the year	-	-	-	606	606
Total comprehensive loss	-	-	-	606	606
At 31 December 2015	428,542	107,135	-	(185,894)	349,783

The notes on pages 19 to 64 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £ 000	2015 £ 000
Cash flows from operating activities			
Profit for the year		47,114	26,314
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		43,387	51,112
Profit on disposal of property plant and equipment		(81)	(18)
Finance income	4	(4,134)	(10,644)
Finance costs	4	19,472	17,603
Share of loss/(profit) of equity accounted investees	11	35	-
Income tax expense	8	754	450
Defined benefit pension non-cash charges		7,375	11,859
		113,922	96,676
Working capital adjustments			
Increase in inventories	12	(1,993)	(403)
Increase in trade and other receivables	13	(32,927)	(8,898)
Increase/(decrease) in trade and other payables	16	16,755	(7,550)
(Decrease)/increase in provisions		294	(15,278)
Cash generated from operations		96,051	64,547
Income taxes paid		23	(208)
Employee benefits paid		(55,980)	(7,949)
Net cash flow from operating activities		40,094	56,390
Cash flows from investing activities			
Interest received	4	233	253
Acquisitions of property plant and equipment		(10,826)	(46,755)
Proceeds from sale of property plant and equipment		191	286
Acquisition of intangible assets	10	(1,168)	(723)
Acquisition of investments in joint ventures and associates	11	(257)	-
Net cash flows from investing activities		(11,827)	(46,939)
Cash flows from financing activities			
Proceeds from bank borrowing draw downs		54,400	5,069
Repayment of bank borrowing		(31,986)	(76,779)
(Repayments of)/proceeds from finance lease creditors		(46,862)	30,525
Interest paid		(9,310)	(9,736)
Net cash flows from financing activities		(33,758)	(50,921)
Net decrease in cash and cash equivalents		(5,491)	(41,470)
Cash and cash equivalents at 1 January		59,389	100,422
Effect of exchange rate fluctuations on cash held		1,074	437
Cash and cash equivalents at 31 December		54,972	59,389

The notes on pages 19 to 64 form an integral part of these financial statements.

1 ACCOUNTING POLICIES

BASIS OF PREPARATION

P&O Ferries Division Holdings Limited (the "Company") is a company incorporated and domiciled in the UK.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its Parent Company financial statements in accordance with FRS 101.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

The Company has adopted the reduced disclosure framework under FRS 101. Disclosure exemptions adopted include transactions with related parties which form part of the Company's group and certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Board continues to carefully manage the Group's funding and liquidity position. The main sources of debt funding are external bank loans, a multi-currency credit facility, overdraft facilities and ship finance leases (note 15). The Group also has in place working capital facilities for trade debtors factored on a non-recourse basis.

The Group's debt funding is subject to the following covenants, comprising the following ratios: net debt to EBITDA before exceptional items; EBITDA to interest payable; and secured borrowings to tangible fixed assets. All covenants, which are tested six monthly, were met during the year and at the year end.

On the basis of its forecasts, including covenant testing, the Board has concluded that the going concern basis of preparation continues to be appropriate. The Board's considerations have included consideration of future forecasts, adjusted for significantly worse economic conditions and mitigation actions and alternative financing measures available to the Group. The Board has also considered the potential commitment and timing of the Group's future defined benefit obligations.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2016.

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a profit after tax for the financial year of £25.3m (2015 - profit of £0.6m), which includes partial release of an intercompany provision.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Special purpose entities (SPEs) are consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPEs' risks and rewards, the Group concludes that it controls the SPE.

The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Joint Arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangement are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Application of the equity method to joint ventures

Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

REVENUE RECOGNITION

Revenue represents the amounts derived from the provision of goods and services to third party customers from the operation of ferry and road transport services between Great Britain, Ireland and Continental Europe.

Revenue excludes VAT and other sales taxes and is measured at the fair value of the consideration receivable, net of discounts.

Revenue from tourist and freight ferry traffic (including on-board sales) is recognised on departure of the relevant sailing. Road transport revenue is recognised at the point of delivery of the load.

SEPARATELY DISCLOSED ITEMS

Separately disclosed items are those significant items which, in the Directors' judgement, are highlighted by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the statement of financial position. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the date of the statement of financial position and the gains or losses on translation are included in the income statement.

TAX

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The Group's ferry operations are within the tonnage taxation regime and the taxation charge is based on the tonnage of the ships operated. Other operations' taxation charge is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

IMPAIRMENT

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 January 2014, the date of transition to Adopted IFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Dry dock overhaul

Where the Group has a legal obligation arising under the terms of an operating lease, provision is made for vessel maintenance and dry dock overhauls. The provisions are calculated based on current factors including the lease term and latest yard costs. Costs incurred are charged against the provision.

Similar costs for owned or finance leased vessels are deferred as a component of the related tangible fixed asset and depreciated over their useful economic lives (typically over a period of 24 months or more to the next estimated overhaul).

Depreciation

Depreciation is charged to the income statement so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Asset class	**Depreciation method and rate**
Freehold buildings	10 to 25 years
Ships	25 to 50 years
Other equipment	3 to 10 years

The depreciation charge for ships is calculated after adjusting for the residual value based upon a percentage of the original cost.

Freehold land is not depreciated. Ships and other assets under construction are not depreciated until first brought into operation. General finance costs incurred during asset construction are not capitalised.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

INTANGIBLE ASSETS

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Asset class	**Amortisation method and rate**
Internally generated software	5 years

INVENTORIES

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the weighted average principle.

PROVISIONS

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

FINANCE LEASE AGREEMENTS

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

DEFINED CONTRIBUTION PENSION OBLIGATION

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

The Group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

DEFINED BENEFIT PENSION OBLIGATION

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The principal schemes include the P&O Ferries Division 2008 Pension Scheme ('P&O Ferries UK Scheme') operated by the Company and the Merchant Navy Officers Pension Fund ('MNOPF'), and Merchant Navy Ratings Pension Fund ('MNRPF'), industry wide schemes in which the Group's employees participate.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group operates group wide defined benefit pension plans. The net defined benefit cost of the plan is charged to participating entities in proportion to their share of the overall deficit and in proportion to their participating members earnings as appropriate. The contributions payable by the participating entities are determined on a similar basis.

FINANCIAL ASSETS AND LIABILITIES

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at amortised cost less impairment.

Cash and cash equivalents

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

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

DERIVATIVES AND HEDGING

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss remains in the hedging reserve and is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when a non-financial asset is depreciated.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

(a) Credit risk
(b) Liquidity risk
(c) Market risk

This policy represents information about the Group's exposure to each of the above risks, and the policies and processes for measuring and managing risk. Further disclosure of quantitative data is included in note 22.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, amounts due from related parties and investment securities.

Trade and other receivables

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, and a significant proportion of the Group's receivables are insured. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Other financial assets

Credit risk arising from other financial assets of the Group comprises cash and cash equivalents and certain derivative instruments. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Cash deposits and similar financial instruments give rise to credit risk. Management seeks to minimise this risk by ensuring the Group's counterparties are rated in accordance with its Counterparty Limits Policy, for example a minimum of an 'AA' rating is required for exposure in excess of £20m. Counterparty concentration is monitored.

Financial guarantees

The Group's policy is to consider the provision of a financial guarantee to wholly-owned subsidiaries, where there is a commercial rationale to do so. The provision of guarantees always requires the approval of senior management.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has access to bank overdrafts and invoice financing facilities to meet short term obligations. The Group's terms of business require amounts to be paid within 30 days. Trade payables are normally settled within 30 days of the end of the month in which the Group is invoiced.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group forward buys a proportion of its fuel oil and US dollar requirements in accordance with the Group's Treasury Policy. Interest rate swaps are also employed to mitigate interest rate risk.

Foreign exchange risk

The Group is exposed to exchange rate risk principally against the dollar for purchases of fuel and the payment of some vessel charters, and more generally against the Euro. Exchange rate risk against the US dollar is mitigated via currency hedges. Ferries has both inflows and outflows of Euros and these generally balance. For specific transactions, for example payments for new ships, the Group will undertake hedges of Euros or other applicable currency if market conditions are believed to be favourable. Any breakup of the Eurozone would alter the balance of Euro inflows and outflows and would probably result in an imbalance in any new currencies used in our markets.

Interest rate risk

The Group is exposed to movements in interest rates on its cash balances and variable rate loans. Management seek to reduce volatility by fixing proportions of the variable rate loans through the use of interest rate swaps, to bring the fixed proportion of interest in line with the Group's Treasury Policy.

Capital management

Capital consists of share capital, share premium, retained earnings, hedging and other reserves, actuarial reserve and translation reserve.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

FORTHCOMING ADOPTED IFRSS

The following Adopted IFRSs have been issued and endorsed by the EU and are effective for accounting periods starting on or after 1 January 2016. They have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11.
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38.
- Equity Method in Separate Financial Statements - Amendments to IAS 27 (effective date to be confirmed).
- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28.
- Annual Improvements to IFRSs - 2012-2014 Cycle.
- Disclosure Initiative - Amendments to IAS 1.
- IFRS 9 - Financial Instruments (effective for accounting periods starting 1 January 2018).
- IFRS 15 - Revenue from contracts with customers (effective for accounting periods starting 1 January 2018).

2 REVENUE

The analysis of the Group's revenue for the year from continuing operations is as follows:

	2016 £ 000	2015 £ 000
Analysis by activity:		
Ferry service total	616,706	599,568
Ferry service inter-segment	(22,933)	(25,349)
Ferry service sales to third parties	593,773	574,219
Ferrymasters transport and freight management	380,147	361,684
	973,920	935,903

3 SEPARATELY DISCLOSED ITEMS

	2016 £ 000	2015 £ 000
Exceptional administrative expenses - Restructuring	(1,058)	(1,713)
Exceptional administrative expenses - Legal	(46)	(42)
Exceptional administrative income/(expenses) - Other	-	1,288
Exceptional income	-	12,128
Pension curtailment gain	1,700	-
	596	11,661

The Group's operating profit for 2016 includes £1.7m of income relating to a pension curtailment gain. In 2015 exceptional income of £12.1m relates to the release of an accrual for the final payment of an operating lease, due in 2016, for the Pride of Rotterdam vessel.

Separately disclosed expenses in 2016 principally relate to restructuring costs incurred.

4 FINANCE INCOME AND COSTS

	2016 £ 000	2015 £ 000
Finance income		
Interest income on bank deposits	233	253
Foreign exchange gains	1,280	-
Other finance income (note 14)	2,621	10,391
Total finance income	4,134	10,644
Finance costs		
Interest on bank overdrafts and borrowings	(8,180)	(8,409)
Foreign exchange losses	(680)	(632)
Other finance costs	(908)	(51)
Other net financing charges in respect of pension plans	(9,704)	(8,511)
Total finance costs	(19,472)	(17,603)
Net finance costs	(15,338)	(6,959)

5 STAFF COSTS

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	135,817	127,305
Social security costs	9,460	8,870
Pension costs, defined contribution scheme	5,607	4,657
Pension costs, defined benefit scheme	2,390	3,379
	153,274	144,211

The average number of persons employed by the Group (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Seafaring	2,092	2,061
Shore-based (including directors)	1,679	1,666
	3,771	3,727

6 DIRECTORS' REMUNERATION

The directors' remuneration for the year was as follows:

	2016 £ 000	2015 £ 000
Emoluments	1,072	872
Contributions paid to money purchase schemes	6	24
Amounts receivable under long term incentive schemes	2,066	-
	3,144	896

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2016 No.	2015 No.
Accruing benefits under money purchase pension scheme	2	2

In respect of the highest paid director:

	2016 £ 000	2015 £ 000
Remuneration	677	521
Amounts receivable under long term incentive schemes	1,268	-

For the three year period 2014 to 2016, the established LTIP scheme based on ROCE targets was replaced by a new scheme, which targeted a substantial increase in shareholder value. A maximum award of 300% of annual salary would be granted if shareholder value were to increase by 303% over the three year period to 31 December 2016. At 31 December 2016, equity value had increased by 397% and consequently the scheme was awarded in full. Subsequent LTIP schemes have reverted to targeting improvements in ROCE with the maximum award being 100% of annual salary for the CEO and 75% for other eligible directors.

7 AUDITOR'S REMUNERATION

	2016 £ 000	2015 £ 000
Audit of the consolidated financial statements and subsidiaries	394	394
Other assurance services	4	12
Other tax advisory services	9	-
	407	406

In 2016 and 2015 the auditor's remuneration in respect of the Company was borne by a subsidiary undertaking. The audit fee relating to the Company was £146,000 (2015 - £150,000) and is included in the Group audit fees disclosure above.

8 INCOME TAX

Tax charged/(credited) in the income statement

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	309	77
Foreign tax	228	282
Total current income tax	537	359
Deferred taxation		
Arising from origination and reversal of temporary differences	217	91
Tax expense in the income statement	754	450

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20.00% (2015 - 20.25%).

The ferry service business of the Group's activities are qualifying activities for the purpose of the UK tonnage tax regime and the Group pays corporation tax on these activities by reference to the tonnage of the ships owned or operated. For its road transportation business and certain other non-qualifying activities the Group pays corporation tax at the standard rates above.

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit before tax	47,868	26,764
Corporation tax at standard rate	9,581	5,420
Increase (decrease) from effect of capital allowances depreciation	27	108
Deferred tax expense (credit) relating to changes in tax rates or laws	(1)	(16)
Tonnage tax	(8,853)	(5,062)
Total tax charge	754	450

Income tax recognised in other comprehensive income

	2016 £ 000	2015 £ 000
Remeasurements of defined benefit liability	1,110	(273)
	1,110	(273)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

DEFERRED TAX

GROUP

Deferred tax assets and liabilities

2016	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	-	(100)	(100)
Pension benefit obligations	1,653	-	1,653
	1,653	(100)	1,553

2015	Asset £ 000	Liability £ 000	Net deferred tax £ 000
Accelerated tax depreciation	-	(378)	(378)
Pension benefit obligations	1,038	-	1,038
	1,038	(378)	660

Deferred tax movement during the year:

	At 1 January 2016 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2016 £ 000
Accelerated tax depreciation	(378)	(26)	304	(100)
Pension benefit obligations	1,038	(191)	806	1,653
Net tax assets/(liabilities)	660	(217)	1,110	1,553

Deferred tax movement during the prior year:

	At 1 January 2015 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2015 £ 000
Accelerated tax depreciation	(287)	(91)	-	(378)
Pension benefit obligations	1,311	-	(273)	1,038
Net tax assets/(liabilities)	1,024	(91)	(273)	660

9 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Land and buildings £ 000	Other equipment £ 000	Ships £ 000	Total £ 000
Cost or valuation				
At 1 January 2015	35,379	150,066	785,321	970,766
Additions	74	2,261	44,420	46,755
Disposals	(51)	(750)	(13)	(814)
Transfers	-	(24)	-	(24)
At 31 December 2015	35,402	151,553	829,728	1,016,683
At 1 January 2016	35,402	151,553	829,728	1,016,683
Additions	424	2,329	8,073	10,826
Disposals	(145)	(2,381)	(11)	(2,537)
At 31 December 2016	35,681	151,501	837,790	1,024,972
Depreciation				
At 1 January 2015	29,630	117,704	309,678	457,012
Charge for year	840	3,439	46,459	50,738
Eliminated on disposal	(34)	(503)	(9)	(546)
Transfers	-	(67)	-	(67)
At 31 December 2015	30,436	120,573	356,128	507,137
At 1 January 2016	30,436	120,573	356,128	507,137
Charge for the year	914	3,244	38,793	42,951
Eliminated on disposal	(89)	(2,327)	(11)	(2,427)
At 31 December 2016	31,261	121,490	394,910	547,661
Carrying amount				
At 31 December 2016	4,420	30,011	442,880	477,311
At 31 December 2015	4,966	30,980	473,600	509,546

Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2016 £ 000	2015 £ 000
Ships	40,103	79,308
Other equipment	757	833
	40,860	80,141

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Pledged as security
Property, plant and equipment with a carrying amount of £398.9m (2015 - £388.0m) has been pledged as security for term loans, finance leases and pension obligations.

10 INTANGIBLE ASSETS

GROUP

	Goodwill £000	Internally generated software £000	Total £000
Cost or valuation			
At 1 January 2015	289,804	1,328	291,132
Additions	-	723	723
Transfers	-	24	24
At 31 December 2015	289,804	2,075	291,879
At 1 January 2016	289,804	2,075	291,879
Additions	-	1,168	1,168
At 31 December 2016	289,804	3,243	293,047
Amortisation			
Amortisation charge	-	374	374
Transfers	-	67	67
At 31 December 2015	-	441	441
At 1 January 2016	-	441	441
Amortisation charge	-	436	436
At 31 December 2016	-	877	877
Carrying amount			
At 31 December 2016	289,804	2,366	292,170
At 31 December 2015	289,804	1,634	291,438

The amortisation charge is recognised in 'cost of sales' in the income statement.

Intangible assets with indefinite useful economic lives
Goodwill with a carrying amount of £289.8m (2015 - £289.8m) has an indefinite useful economic life.

Goodwill originated as the excess of the purchase price over the fair value of net assets at the purchase date of 30 March 2007. Fair value was determined by professional valuation for ships, and director's valuation for other assets and liabilities. The goodwill is considered to have an indefinite useful life as the P&O brand has over 175 years of positive usage. The Group has a licence agreement with the Peninsular and Oriental Steam Navigation Company for the royalty free use of the P&O name and logo for worldwide ferry and road transport activities, subject to certain restrictions, including change of ownership.

Accordingly, the goodwill is not amortised, but is annually tested for impairment and has resulted in no impairment charge for the year (2015 - £nil) being applied against the goodwill.

Goodwill is tested for one cash generating unit, being the UK ferries activity, on a value in use basis. Value in use is calculated based on the Group's latest five year plan with inflationary growth thereafter. The pre-tax discount rate applied is 7% and is not sensitive to increase.

11 INVESTMENTS

GROUP SUBSIDIARIES
Details of the group subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group 2016	2015
P&O Ferries Holdings Limited	Holding company	Great Britain	100%	100%
P&O Ship Management Holdings (Jersey) Limited	Holding company	Jersey	100%	100%
P&O Ferrymasters Holdings Limited	Holding company	Great Britain	100%	100%
P&O Ferries Limited	Ferry services	Great Britain	100%	100%
P&O Short Sea Ferries Limited	Holding company	Great Britain	100%	100%
Larne Harbour Limited	Harbour operator	Northern Ireland	100%	100%
P&O Ferries Ship Management Limited	Ship management	Great Britain	100%	100%
P&O European Ferries (Portsmouth) Limited	Ferry services	Great Britain	100%	100%
P&O European Ferries (Vizcaya) SA	Terminal operator	Spain	100%	100%
P&O European Ferries (Irish Sea) Limited	Ferry services	Great Britain	100%	100%
P&O North Sea Ferries Limited	Ferry services	Great Britain	100%	100%
P&O North Sea Ferries BV	Ferry services	Netherlands	100%	100%

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P&O Ferries Pride of Rotterdam BV	Ferry services	Netherlands	100%	0%
P&O Ferries Thames Limited	Ferry services	Great Britain	100%	100%
P&O Ferries Pride of Hull Limited	Ferry services	Great Britain	100%	100%
P&O Offshore Energy Limited	Dormant	Great Britain	100%	100%
P&O Ferrymasters Limited	International unit loads	Northern Ireland	100%	100%
Norbay (UK) Limited	Leasing	Great Britain	100%	100%
Port of Cairnryan Limited	Harbour operator	Great Britain	100%	100%
P&O Ferries France SAS	Ferry services	France	100%	100%
SNC Gris-Nez Bail	Leasing	France	0%	0%
SNC White Cliffs Bail	Leasing	France	0%	0%
P&O Ferries (Short Sea) Limited	Dormant	Great Britain	100%	100%
P&O Ferries Port Services Limited	Dormant	Great Britain	100%	100%
P&O Ship Management (Irish Sea) Limited	Dormant	Great Britain	100%	100%
P&O European Ferries (Bahamas) Limited	Dormant	Bahamas	100%	100%
North Sea Ferries (Belgium) NV	Dormant	Belgium	100%	100%
P&O Ferries Division Pension Trustees Limited	Dormant	Great Britain	100%	100%
P&O Ferrymasters NV	International unit loads	Belgium	100%	100%
P&O Ferrymasters SRL	International unit loads	Italy	100%	100%
P&O Ferrymasters SA	International unit loads	Spain	99.98%	99.98%
P&O Ferrymasters GMBH	International unit loads	Germany	100%	100%
P&O Ferrymasters KFT	International unit loads	Hungary	100%	100%
P&O Ferrymasters SRL	International unit loads	Romania	95%	95%
P&O Ferrymasters ZOO	International unit loads	Poland	100%	100%
P&O Ferrymasters LLC	International unit loads	Ukraine	100%	100%
P&O Ferrymasters LLC	Dormant	Russia	100%	100%
Pandoro Limited	Dormant	Great Britain	100%	100%

P&O Ferries (Jersey) Limited	Ferry services	Jersey	100%	100%
P&O (Jersey) Limited	Ferry services	Jersey	100%	100%
P&O Irish Sea (Jersey) Limited	Ferry services	Jersey	100%	100%
P&O North Sea (Jersey) Limited	Ferry services	Jersey	100%	100%
P&O European Ferries (Jersey) Limited	Ferry services	Jersey	100%	100%
P&O Ship Management (Jersey) Limited	Ferry services	Jersey	100%	100%

See note 26 for subsidiary undertaking registered office details.

Group composition

SNC Gris-Nez Bail and SNC White Cliffs Bail are consolidated on the basis of control. P&O Ferries Division Holdings Limited has the option to purchase the entities for a nominal value on 1 January each year. This option was exercised on 1 January 2017.

GROUP JOINT VENTURES

Details of the group joint ventures as at 31 December 2016 are as follows:

Name of Joint-ventures	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group 2016	2015
S.C. Intermodal Vest S.R.L +	Rail Terminal Operator	Romania	50%	0%

+ indicates accounted for using the equity method

In the year Ferrymasters entered into a joint venture to open and operate a rail terminal in Romania.

Aggregate financial information for the non-material joint ventures

Please find below aggregate financial information for each joint venture immaterial to the group:

	2016 £ 000	2015 £ 000
Group share of loss from continuing operations	(35)	-

	£ 000
Cost or valuation	
At 1 January 2016	-
Additions	257
Revaluation	(35)
At 31 December 2016	222
Carrying amount	
At 31 December 2016	222
At 31 December 2015	-

SUMMARY OF THE COMPANY INVESTMENTS

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2015	396,849
At 31 December 2015	396,849
At 1 January 2016	396,849
At 31 December 2016	396,849
Carrying amount	
At 31 December 2016	396,849
At 31 December 2015	396,849

12 INVENTORIES

	Group		Company
	31 December 2016 £ 000	31 December 2015 £ 000	31 December 2016 £ 000
Raw materials and consumables	6,667	4,839	-
Finished goods and goods for resale	7,001	6,836	-
	13,668	11,675	-

Raw materials, consumables, and changes in finished goods recognised as cost of sales in the year amounted to £71.7m (2015 - £94.0m).

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 December 2016 £ 000	31 December 2015 £ 000	31 December 2016 £ 000	31 December 2015 £ 000
Trade receivables	139,676	115,192	-	-
Provision for impairment of trade receivables	(8,871)	(7,283)	-	-
Net trade receivables	130,805	107,909	-	-
Receivables from related parties	-	-	116,179	131,679
Prepayments	22,786	12,011	-	-
Derivative instruments	998	145	935	-
Other receivables	3,417	6,968	-	-
Total current trade and other receivables	158,006	127,033	117,114	131,679

Included within trade receivables is £Nil (2015 - £Nil) held as collateral in relation to the Group's invoice financing facility.

14 CASH AND CASH EQUIVALENTS

	Group		Company
	31 December 2016 £ 000	31 December 2015 £ 000	31 December 2016 £ 000
Current			
Cash on hand	54,972	59,389	-
Restricted cash	50,752	37,590	-
	105,724	96,979	-

Under the terms of the Group's external loan facility, a Euro denominated cash balance has accrued to the Group as part of the financing arrangement in place. At 31 December 2016, £50.8m (2015 - £41.3m) has accrued to the Group (net of fees). This balance was restricted at 31 December 2016 and 31 December 2015 and is therefore presented separately as restricted cash in the statement of financial position as at 31 December 2016 (2015 - £37.6m recognised as restricted cash and £3.7m as accrued income). The Group exercised it's option to draw the cash on 1 January 2017. £2.6m of finance income (net of fees) was recognised in the year ended 31 December 2016 (2015 - £10.4m), with the remainder of the movement since 31 December 2015 relating to foreign exchange translation and reclassification from receivables.

15 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 1.

	Group 31 December 2016 £ 000	Group 31 December 2015 £ 000
Non-current loans and borrowings		
Bank borrowings	180,201	159,868
Finance lease liabilities	15,833	26,812
	196,034	186,680

	Group 31 December 2016 £ 000	Group 31 December 2015 £ 000
Current loans and borrowings		
Bank borrowings	30,802	28,721
Finance lease liabilities	13,727	41,623
	44,529	70,344

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of Maturity	Face Value 2016 £ 000	Carrying Amount 2016 £ 000	Face Value 2015 £ 000	Carrying Amount 2015 £ 000
Finance Lease 1	Euro	4.75%	2022	18,999	18,999	19,075	19,075
Finance Lease 2	Euro	6.29%	2019	326	326	355	355
Finance Lease 3	Euro	4.51%	2016	-	-	36,648	36,648
Finance Lease 4	GBP	0.37%	2017	10,235	10,235	12,357	12,357
Term Loan 1	GBP	1.13%	2016	-	-	7,946	7,946
Term Loan 2	GBP	1.19-5.89%	2023	68,190	68,190	77,354	77,354
Term Loan 3	GBP	1.08-5.61%	2024	77,745	77,745	86,562	86,562
Term Loan 4	GBP	3.32%	2021	27,952	27,952	16,727	16,727
Term Loan 5	GBP	3.58%	2021	7,512	7,512	-	-
Term Loan 6	Euro	2.10%	2023	29,604	29,604	-	-
				240,563	240,563	257,024	257,024

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note 22.

Finance lease liabilities

Finance lease liabilities are payable as follows:

2016	Minimum lease payments £ 000	Interest £ 000	Present value £ 000
Within one year	14,353	(626)	13,727
In two to five years	3,844	(121)	3,723
In over five years	12,111	(1)	12,110
	30,308	(748)	29,560

2015	Minimum lease payments £ 000	Interest £ 000	Present value £ 000
Within one year	44,200	(2,577)	41,623
In two to five years	25,522	(2,598)	22,924
In over five years	4,069	(181)	3,888
	73,791	(5,356)	68,435

16 TRADE AND OTHER PAYABLES

	Group		Company	
	31 December 2016 £ 000	31 December 2015 £ 000	31 December 2016 £ 000	31 December 2015 £ 000
Trade payables	78,071	76,939	-	-
Amounts due to related parties	-	-	137,949	178,745
Social security and other taxes	6,873	7,944	-	-
Derivative financial instruments	4,001	4,518	-	-
Other payables	10,832	2,718	-	-
Accrued expenses	63,209	54,630	-	-
	162,986	146,749	137,949	178,745

17 PENSION AND OTHER SCHEMES

DEFINED CONTRIBUTION PENSION SCHEME

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £5.6m (2015 - £4.7m).

DEFINED BENEFIT PENSION SCHEMES

The Group participates in three company sponsored funded defined benefit pension schemes. The principal scheme, The P&O Ferries Division 2008 Pension Scheme (the "P&O Ferries UK Scheme"), a Career Average Related Earnings (CARE) scheme, is closed to new members. The assets of the scheme are managed on behalf of the trustee by independent fund managers. The two smaller schemes are the P&O Irish Pension Scheme, a final salary scheme, also closed to new members, and the P&O North Sea Ferries (Netherlands) Scheme, a collective defined contribution scheme, which remains open.

The Group also participates in the Merchant Navy Officers' Pension Fund (the "MNOPF Scheme") and the Merchant Navy Ratings' Pension Fund (the "MNRPF Scheme") industry wide schemes. Both of these Schemes are CARE schemes and are closed to new members. The MNRPF Scheme closed to future accrual in 2001 and the MNOPF Scheme closed to defined benefit accrual on 31 March 2016. All participating employers, including the Group, are jointly and severally liable for the outstanding scheme deficits.

The Trustees of the MNOPF and MNRPF Schemes have provided sufficient information regarding the share of the obligations to be borne by the Group's UK subsidiaries and other employers, for the directors to estimate the Group's share of the Schemes' deficit. In recognising its share of these deficits, the directors have considered the sensitivity of the assumptions which may alter the share of the deficit recognised in the future, including in respect of the ability of other employers to satisfy their obligations to the Scheme. The materiality of the Group's participation in the Schemes is also relevant.

The Group expects to make a total of approximately £42.2m cash contributions to its defined benefit plans in the next financial year. Agreements were reached in 2013, 2014 and 2016 with the Trustees of the MNOPF, P&O Ferries UK Scheme and the MNRPF respectively regarding deficit contributions. The amount disclosed as a minimum funding liability for the MNRPF and MNOPF Schemes is based on Deficit Share Notices issued by the Trustees and payments set out in the respective contribution agreements. No refunds or reductions in future contributions have been assumed in the calculation of these amounts.

The Group also makes contributions to various company defined contribution schemes and various industry defined contribution schemes which have assets in separate administered funds.

The Company is the Principal Employer of the P&O Ferries UK Scheme, but has not employed any members of the scheme. It has not participated in any other pension scheme during the current or prior years.

All schemes	**2016 £ 000**	**2015 £ 000**
Fair value of scheme assets	1,164,844	880,171
Present value of scheme liabilities	(1,322,956)	(1,065,233)
	(158,112)	(185,062)
Effect of asset ceiling	(88,600)	(108,300)
Defined benefit pension scheme deficit	(246,712)	(293,362)
Dutch Jubilee provision	(522)	(522)
Total retirement benefit obligations	(247,234)	(293,884)

Movement in fair value of plan assets

	P&O Ferries UK Scheme £ 000	**MNRPF Scheme £ 000**	**MNOPF Scheme £ 000**	**Other Schemes £ 000**	**Total £ 000**
At 1 January 2015	156,130	296,600	378,600	44,105	875,435
Interest income	5,600	10,400	13,300	906	30,206
Return on plan assets, excluding amounts included in interest income/(expense)	(5,600)	10,800	12,400	(1,396)	16,204
Foreign exchange differences	-	-	-	(2,470)	(2,470)
Employer contributions	1,860	-	5,300	789	7,949
Contributions by scheme participants	730	-	700	101	1,531
Benefits paid	(3,830)	(15,100)	(21,600)	(985)	(41,515)
Administrative expenses paid	(220)	(5,500)	(1,400)	(49)	(7,169)
At 31 December 2015	154,670	297,200	387,300	41,001	880,171
At 1 January 2016	154,670	297,200	387,300	41,001	880,171
Interest income	5,720	11,100	14,500	1,140	32,460
Return on plan assets, excluding amounts included in interest income/(expense)	19,560	72,300	142,400	5,160	239,420
Foreign exchange differences	-	-	-	6,896	6,896
Employer contributions	4,900	23,700	26,600	780	55,980
Contributions by scheme participants	870	-	200	89	1,159
Benefits paid	(5,460)	(17,500)	(22,700)	(1,447)	(47,107)
Administrative expenses paid	(200)	(2,700)	(1,200)	(35)	(4,135)
At 31 December 2016	180,060	384,100	547,100	53,584	1,164,844

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Movement in present value of defined benefit obligation

	P&O Ferries UK Scheme £ 000	MNRPF Scheme £ 000	MNOPF Scheme £ 000	Other Schemes £ 000	Total £ 000
At 1 January 2015	174,890	404,100	482,200	47,516	1,108,706
Current service cost	2,330	-	1,600	760	4,690
Actuarial gains and losses arising from changes in demographic assumptions	-	(6,300)	-	-	(6,300)
Actuarial gains and losses arising from changes in financial assumptions	(3,890)	(16,400)	(5,400)	(3,284)	(28,974)
Actuarial gains and losses arising from experience adjustments	10	11,600	(20,100)	(147)	(8,637)
Foreign exchange differences	-	-	-	(2,685)	(2,685)
Interest cost	6,240	14,300	17,000	877	38,417
Benefits paid	(3,830)	(15,100)	(21,600)	(985)	(41,515)
Contributions by scheme participants	730	-	700	101	1,531
At 31 December 2015	176,480	392,200	454,400	42,153	1,065,233
At 1 January 2016	176,480	392,200	454,400	42,153	1,065,233
Current service cost	1,860	-	400	723	2,983
Past service cost	-	-	(1,700)	-	(1,700)
Actuarial gains and losses arising from changes in demographic assumptions	-	-	(4,300)	98	(4,202)
Actuarial gains and losses arising from changes in financial assumptions	65,290	82,700	108,800	6,352	263,142
Actuarial gains and losses arising from experience adjustments	220	(2,900)	1,000	(165)	(1,845)
Foreign exchange differences	-	-	-	7,129	7,129
Interest cost	6,440	14,200	16,400	1,124	38,164
Benefits paid	(5,460)	(17,500)	(22,700)	(1,447)	(47,107)
Contributions by scheme participants	870	-	200	89	1,159
At 31 December 2016	245,700	468,700	552,500	56,056	1,322,956

P&O Ferries UK Scheme

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2016 £ 000	2015 £ 000
Fair value of scheme assets	180,060	154,670
Present value of scheme liabilities	(245,700)	(176,480)
Defined benefit pension scheme deficit	(65,640)	(21,810)

Analysis of assets

The major categories of scheme assets are as follows:

	2016 £ 000	2015 £ 000
Equity instruments	71,142	63,450
Bonds	96,332	37,570
Other	12,586	53,650
	180,060	154,670

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2016 %	2015 %
Discount rate	2.50	3.70
Revaluation of benefits in service	3.00	2.80
Future pension increases - deferment	3.10	2.90
Future pension increases - payment	3.00	2.80
Inflation	3.50	3.20

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on SAPS tables with a -1 age rating and future improvements in line with CMI 2013 projections with a long term improvement rate of 2%.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions:

	2016	2015
	- 0.1%	- 0.1%
Adjustment to discount rate	**£ 000**	**£ 000**
Present value of total obligation	5,800	3,900
	2016	**2015**
	+ 0.1%	**+ 0.1%**
Adjustment to rate of inflation	**£ 000**	**£ 000**
Present value of total obligation	5,500	3,800
	2016	**2015**
	+ 0.25%	**+ 0.25%**
Adjustment to mortality age rating assumption	**£ 000**	**£ 000**
Present value of total obligation	4,300	2,400

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 1 April 2014 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Contributions payable to the pension scheme at the end of the year are £Nil (2015 - £Nil).

The expected contributions to the plan for the next reporting period are £4.12m.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years (2015: 16 years).

MNRPF Scheme

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2016 £ 000	2015 £ 000
Fair value of scheme assets	384,100	297,200
Present value of scheme liabilities	(468,700)	(392,200)
	(84,600)	(95,000)
Effect of asset ceiling	(51,300)	(38,400)
Defined benefit pension scheme deficit	(135,900)	(133,400)

Analysis of assets

The major categories of scheme assets are as follows:

	2016 £ 000	2015 £ 000
Equity instruments	66,200	45,100
Bonds	317,900	167,300
Other	-	84,800
	384,100	297,200

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Effect of asset ceiling

A reconciliation of the effect of the asset ceiling is as follows:

	2016 £ 000	2015 £ 000
Opening balance	38,400	-
Interest cost	1,400	-
Changes in asset ceiling, excluding amounts included in interest	11,500	38,400
Closing balance	51,300	38,400

Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2016 %	2015 %
Discount rate	2.50	3.70
Revaluation of benefits in service	4.50	4.20
Future pension increases - deferment	2.50	2.20
Future pension increases - payment	3.40	3.10
Inflation	3.50	3.20

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on 89% of SAPS tables with adjustments to reflect historical scheme experience. The future improvements are in line with CMI 2013 projections with a long term improvement rate of 1.60% p.a.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions:

	2016	2015
	- 0.1%	- 0.1%
Adjustment to discount rate	**£ 000**	**£ 000**
Present value of total obligation	7,200	5,900
	2016	**2015**
	+ 0.1%	+ 0.1%
Adjustment to rate of inflation	**£ 000**	**£ 000**
Present value of total obligation	2,300	1,600
	2016	**2015**
	+ 0.25%	**+ 0.25%**
Adjustment to mortality age rating assumption	**£ 000**	**£ 000**
Present value of total obligation	8,900	7,500

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 1 April 2014 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Contributions payable to the pension scheme at the end of the year are £Nil (2015 - £Nil).

The expected contributions to the plan for the next reporting period are £26.4m.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years (2015: 16 years).

MNOPF Scheme

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2016 £ 000	2015 £ 000
Fair value of scheme assets	547,100	387,300
Present value of scheme liabilities	(552,500)	(454,400)
	(5,400)	(67,100)
Effect of asset ceiling	(37,300)	(69,900)
Defined benefit pension scheme deficit	(42,700)	(137,000)

Analysis of assets

The major categories of scheme assets are as follows:

	2016 £ 000	2015 £ 000
Equity instruments	221,900	142,500
Bonds	325,200	244,800
	547,100	387,300

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Effect of asset ceiling

A reconciliation of the effect of the asset ceiling is as follows:

	2016 £ 000	2015 £ 000
Opening balance	(69,900)	(9,700)
Interest cost	(2,600)	(300)
Changes in asset ceiling, excluding amounts included in interest	35,200	(59,900)
Closing balance	(37,300)	(69,900)

Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2016 %	2015 %
Discount rate	2.50	3.70
Revaluation of benefits in service	4.00	4.20
Future pension increases - deferment	2.50	2.20
Future pension increases - payment	3.40	3.10
Inflation	3.50	3.20

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on 85% of SAPS tables with adjustments to reflect historical scheme experience. The future improvements are in line with CMI 2014 projections with a long term improvement rate of 1.80% p.a.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions:

	2016 - 0.1% £ 000	2015 - 0.1% £ 000
Adjustment to discount rate		
Present value of total obligation	8,700	6,400

	2016 + 0.1% £ 000	2015 + 0.1% £ 000
Adjustment to rate of inflation		
Present value of total obligation	3,700	2,500

	2016 + 0.25% £ 000	2015 + 0.25% £ 000
Adjustment to mortality age rating assumption		
Present value of total obligation	3,900	7,100

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 March 2015 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Contributions payable to the pension scheme at the end of the year are £Nil (2015 - £Nil).

The expected contributions to the plan for the next reporting period are £10.91m.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years (2015: 16 years).

Other Schemes

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2016 £ 000	2015 £ 000
Fair value of scheme assets	53,584	41,001
Present value of scheme liabilities	(56,056)	(42,153)
Defined benefit pension scheme deficit	(2,472)	(1,152)

Analysis of assets

The major categories of scheme assets are as follows:

	2016 £ 000	2015 £ 000
Equity instruments	4,567	3,617
Bonds	46,383	35,070
Other	2,634	2,314
	53,584	41,001

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

Actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	2016 %	2015 %
Discount rate	1.70	2.28
Future salary increases	2.22	2.09
Future pension increases - deferment	0.49	0.26
Future pension increases - payment	0.54	0.62
Inflation	1.95	1.94

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on standard actual mortality tables and include an allowance for future improvements in longevity.

Contributions payable to the other pension schemes at the end of the year are £Nil (2015 - £Nil).

The expected contributions to the other plans for the next reporting period are £0.78m.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years (2015: 16 years).

18 OTHER PROVISIONS

GROUP

	Reorganisation & Restructuring £ 000	Other provisions £ 000	Total £ 000
At 1 January 2016	761	9,669	10,430
Increase in existing provisions	-	1,860	1,860
Provisions used	(345)	(1)	(346)
Unused provision reversed	(139)	(1,081)	(1,220)
At 31 December 2016	277	10,447	10,724
Current liabilities	277	10,447	10,724

Reorganisation and Restructuring provisions at 31 December 2016 of £0.3m includes provisions for legal and other costs of expected restructuring programmes.

Other provisions at 31 December 2016 of £10.4m includes £9.9m in relation to a longstanding dispute with a port authority. The remainder of other provisions are in relation to immaterial one off provisions.

19 SHARE CAPITAL

ALLOTTED, CALLED UP AND FULLY PAID SHARES

	2016 No. 000	2016 £ 000	2015 No. 000	2015 £ 000
Ordinary of £1 each	428,542	428,542	428,542	428,542

100% of share capital is owned and controlled by the Group's ultimate controlling party, Port and Free Zone World FZE.

20 RESERVES

GROUP

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising on pension obligations since 1 January 2014, the transition date to Adopted IFRSs.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Actuarial reserve

The actuarial reserve comprises all actuarial movements regarding the Group's pension obligations.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Foreign currency translation £ 000	Cash flow hedging reserve £ 000	Other reserves £ 000	Total £ 000
Gain/(loss) on cash flow hedges (net)	-	1,369	-	1,369
Foreign currency translation gains/(losses)	(233)	-	-	(233)
Remeasurements of post employment benefit obligations	-	-	9,093	9,093
	(233)	1,369	9,093	10,229

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Foreign currency translation £ 000	Cash flow hedging reserve £ 000	Other reserves £ 000	Total £ 000
Gain/(loss) on cash flow hedges (net)	-	3,708	-	3,708
Foreign currency translation gains/(losses)	215	-	-	215
Remeasurements of post employment benefit obligations	-	-	(38,458)	(38,458)
	215	3,708	(38,458)	(34,535)

COMPANY

Share capital

Ordinary share capital issued by the Company.

Share premium

Share premium comprises the excess paid for share capital above the nominal value.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Cash flow hedging reserve £ 000	Total £ 000
Gain/(loss) on cash flow hedges (net)	935	935

There were no changes in equity resulting from items of other comprehensive income for the prior year.

21 FAIR VALUE MEASUREMENT

The following table presents the carrying amounts and the fair values of the Group's financial assets and liabilities at 31 December 2016 and 31 December 2015:

	2016		2015	
	Book Value £ 000	Fair Value £ 000	Book Value £ 000	Fair Value £ 000
Trade and other receivables	158,006	158,006	127,033	127,033
Trade and other payables	(162,986)	(162,986)	(146,749)	(146,749)
Secured bank loans	(211,003)	(211,003)	(188,589)	(188,589)
Finance lease liabilities	(29,560)	(29,560)	(68,435)	(68,435)
Cash and cash equivalents	105,724	105,724	96,979	96,979
Derivative financial instruments				
Interest rate swaps	(3,937)	(3,937)	(1,160)	(1,160)
Forward exchange contracts - assets	292	292	145	145
Forward exchange contracts - liabilities	(64)	(64)	(29)	(29)
Forward fuel oil contracts	706	706	(3,329)	(3,329)
	(142,822)	(142,822)	(184,134)	(184,134)

Valuation methods

The fair value of trade and other receivables, trade and other payables, and cash and cash equivalents approximates to the book value due to the short term maturity of these instruments.

Secured bank loans and finance lease liabilities are largely at variable interest rates and therefore the book value materially equates to fair value.

The fair value of derivative instruments is based on cashflows discounted to the net present value using prevailing market rates and foreign currency at the reporting date.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value. The difference techniques are defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
2016	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Derivative financial assets	-	998	-	998
Derivative financial liabilities	-	(4,001)	-	(4,001)

	Level 1	Level 2	Level 3	Total
2015	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Derivative financial assets	-	145	-	145
Derivative financial liabilities	-	(4,518)	-	(4,518)

22 FINANCIAL INSTRUMENTS

GROUP

Credit Risk

Exposure to credit risk

The maximum exposure to credit risk at the reporting date by class of financial instrument was:

	2016	2015
	£ 000	£ 000
Trade receivables	130,805	107,909
Other receivables	26,203	18,979
Cash and cash equivalents (including restricted amounts)	105,724	96,979
Derivative financial instruments	998	145
	263,730	224,012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The concentration of credit risk for trade receivables at the reporting date by geographic region was:

	2016 £ 000	2015 £ 000
Continental Europe and United Kingdom	130,805	107,909

Credit quality of financial assets and impairment losses

The aging of trade receivables at the statement of financial position date was:

	Gross 2016 £ 000	Impairment 2016 £ 000	Gross 2015 £ 000	Impairment 2015 £ 000
Not past due	117,252	(5,140)	100,037	(4,783)
7 to 30 days	18,242	(1,073)	11,419	(479)
31 to 60 days	1,922	(356)	1,675	(225)
61 to 90 days	519	(41)	523	(164)
91 to 120 days	342	(439)	216	(279)
3 to 6 months	1,399	(1,822)	1,322	(1,353)
	139,676	(8,871)	115,192	(7,283)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2016 £ 000	2015 £ 000
At start of period	(7,283)	(6,017)
Additional impairment for credit losses	(3,494)	(3,103)
Reversal of impairment for credit losses	1,448	1,570
Other movement	458	267
At end of year	(8,871)	(7,283)

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

2016	Carrying amount £ 000	Contractual cashflows £ 000	Within 1 year £ 000	1 to 2 years £ 000	2 to 5 years £ 000	More than 5 years £ 000
Trade and other payables	(158,985)	(158,985)	(158,985)	-	-	-
Secured bank loans	(211,003)	(233,497)	(36,886)	(36,806)	(111,145)	(48,660)
Finance lease liabilities	(29,560)	(30,308)	(14,353)	(3,844)	(12,111)	-
Derivative financial instruments	(4,001)	(4,001)	(4,001)	-	-	-
	(403,549)	(426,791)	(214,225)	(40,650)	(123,256)	(48,660)

2015	Carrying amount £ 000	Contractual cashflows £ 000	Within 1 year £ 000	1 to 2 years £ 000	2 to 5 years £ 000	More than 5 years £ 000
Trade and other payables	(142,231)	(142,231)	(142,231)	-	-	-
Secured bank loans	(188,589)	(211,940)	(34,123)	(26,257)	(79,557)	(72,003)
Finance lease liabilities	(68,435)	(73,791)	(44,200)	(14,430)	(11,091)	(4,070)
Derivative financial instruments	(4,518)	(4,518)	(4,518)	-	-	-
	(403,773)	(432,480)	(225,072)	(40,687)	(90,648)	(76,073)

Market Risk

Market risk - Foreign currency risk

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

2016	Sterling £ 000	Euro £ 000	US Dollar £ 000	Others £ 000	Total £ 000
Cash and cash equivalents	47,144	7,753	75	-	54,972
Restricted cash	-	50,752	-	-	50,752
Trade receivables	81,803	48,706	285	11	130,805
Other receivables	12,635	12,660	22	886	26,203
Secured bank loans	(181,399)	(29,604)	-	-	(211,003)
Finance lease liabilities	(10,235)	(19,325)	-	-	(29,560)
Trade payables	(70,063)	(2,977)	(4,474)	(557)	(78,071)
Other payables	(65,729)	(5,602)	(9,382)	(201)	(80,914)
	(185,844)	62,363	(13,474)	139	(136,816)

2015	Sterling £ 000	Euro £ 000	US Dollar £ 000	Others £ 000	Total £ 000
Cash and cash equivalents	45,738	15,030	(1,379)	-	59,389
Restricted cash	-	37,590	-	-	37,590
Trade receivables	73,092	34,713	94	10	107,909
Other receivables	5,014	9,227	3,867	871	18,979
Secured bank loans	(188,589)	-	-	-	(188,589)
Finance lease liabilities	(12,357)	(56,078)	-	-	(68,435)
Trade payables	(65,962)	(6,494)	(4,483)	-	(76,939)
Other payables	(57,528)	(4,303)	(3,310)	(151)	(65,292)
	(200,592)	29,685	(5,211)	730	(175,388)

Sensitivity analysis

A 10 percent weakening of the following currencies against the pound sterling at 31 December 2016 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 31 December 2015.

	Equity		Profit or loss	
	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000
Euro	(6,639)	(3,673)	(6,639)	(3,673)
US Dollar	1,512	702	1,512	702

A ten percent strengthening of the above currencies against the pound sterling at 31 December 2016 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2016 £ 000	2015 £ 000
Fixed Rate Instruments		
Financial assets	-	-
Financial liabilities	(165,367)	(212,874)
	(165,367)	(212,874)
Variable Rate Instruments		
Financial assets	105,724	96,979
Financial liabilities	(75,196)	(44,150)
	30,528	52,829

The Group has hedged its exposure to variable interest rates by entering into fixed interest rate swaps for a notional amount equivalent to £130m (2015: £130m).

Sensitivity analysis

A change of 100 basis points in interest rates at the statement of financial position date would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the reporting date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instrument at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for the year ended 31 December 2015.

	2016 £ 000	2015 £ 000
Equity		
Increase	(69)	(628)
Decrease	77	957
Profit or loss		
Increase	(69)	(628)
Decrease	77	957

23 OPERATING LEASE AND OTHER COMMITMENTS

GROUP

Operating leases

The total future value of minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Within one year	34,242	33,159
In two to five years	73,049	24,131
In over five years	2,115	3,951
	109,406	61,241

The amount of non-cancellable operating lease payments recognised as an expense during the year was £11.6m (2015 - £9.2m).

Other commitments

The amount of other non-cancellable financial commitments held by the Group as at 31 December 2016 was £183.3m (2015 - £196.1m).

24 RELATED PARTY TRANSACTIONS

Transactions with key management personnel

Key management personnel of the Group are considered to be the Directors and the executive management team of the Group. Key management personnel remuneration including social security was £3.0m (2015 - £2.2m) and contributions to post-employment benefits £0.1m (2015 - £0.2m).

Summary of transactions with other related parties

There have been no transactions during the current year or prior year, and there were no amounts outstanding at 31 December 2016 (2015: £Nil).

25 PARENT AND ULTIMATE PARENT UNDERTAKING

The Company's immediate parent is Dubai Ferries Holdings FZE,a company incorporated in Dubai.

The ultimate parent undertaking is Dubai World Corporation, a company incorporated in Dubai. This is the largest group of companies for which consolidated financial statements are prepared in which P&O Ferries Division Holdings Limited is consolidated. These financial statements are not publicly filed.

The ultimate controlling party is Port and Free Zone World FZE, a company incorporated in Dubai.

26 REGISTERED OFFICES OF SUBSIDIARY UNDERTAKINGS

The registered addresses of the Company's subsidiary undertakings are:

- Channel House, Channel View Road, Dover, Kent, CT17 9TJ

  P&O Ferries Holdings Limited
  P&O Ferries Limited
  P&O Short Sea Ferries Limited
  P&O Ferries Ship Management Limited
  P&O European Ferries (Portsmouth) Limited
  P&O European Ferries (Irish Sea) Limited
  P&O North Sea Ferries Limited
  P&O Ferries Thames Limited
  P&O Ferries Pride of Hull Limited
  P&O Offshore Energy Limited
  Norbay (UK) Limited
  Port of Cairnryan Limited
  P&O Ferries (Short Sea) Limited
  P&O Ferries Port Services Limited
  P&O Ship Management (Irish Sea) Limited
  P&O Ferries Division Pension Trustees Limited

- Wherstead Park, Wherstead, Ipswich, Suffolk, IP9 2WG

  P&O Ferrymasters Holdings Limited
  Pandoro Limited

- 9 Olderfleet Road, Larne, BT40 1AS

  Larne Harbour Limited

- 2a Redlands Crescent, Port of Larne Business Park, Redlands Crescent, Larne, Co Antrim, BT40 1FF

  P&O Ferrymasters Limited

- PO Box 437, 1st Floor Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey, JE4 0ZE

  P&O Ship Management Holdings (Jersey) Limited
  P&O Ferries (Jersey) Limited
  P&O (Jersey) Limited
  P&O Irish Sea (Jersey) Limited
  P&O North Sea (Jersey) Limited
  P&O European Ferries (Jersey) Limited
  P&O Ship Management (Jersey) Limited

- Terminal Est, 62100 Calais, France

  P&O Ferries France SAS

• 0009 Quai Du President Paul Doumer, 92400 Courbevoie

SNC Gris-Nez Bail
SNC White Cliffs Bail

• Luxemburgweg 2, Beneluxhaven, Havennummer 5805, Europoort, Rotterdam, 3198LG, Netherlands

P&O North Sea Ferries B.V.
P&O Ferries Pride of Rotterdam B.V.

• Leopold II Dam 13, Havendam, 8380 Zeebrugge, Belgium

North Sea Ferries (Belgium) NV
P&O Ferrymasters NV

• Cosme Echevarrieta 1, 48009 Bilbao, Spain

P&O European Ferries (Vizcaya) SA

• Higgs & Johnson, 83 Shirley Street, Sandringham House, Nassau, New Providence, The Bahamas, N-3247

P&O European Ferries (Bahamas) Limited

• Via Caviglia 11, 1-20139 Milan, Italy

P&O Ferrymasters SRL

• Avinguda dels Vents, 9-13, Esc. A, 4o 4a, Edificio Blurbis, 08917 Badalona (Barcelona), Spain

P&O Ferrymasters SA

• Jander Strasse 9, High Tech Park, 68199 Mannheim, Germany

P&O Ferrymasters GMBH

• Bocskai út 134 - 146, Building C2, 1113 Budapest, Hungary

P&O Ferrymasters KFT

• Iuliu Maniu Avenue nr 7, 5th floor, room B, unit U, Sector 6, 061102 Bucharest, Romania

P&O Ferrymasters SRL

• ul. Lwowska 34, 41 - 500 Chorzow, Poland

P&O Ferrymasters ZOO

• 5 Dimitrova Street, Building 2, 03680 Kiev, Ukraine

P&O Ferrymasters LLC

• Smol'naya ulitsa 24A, 125445 Moscow, Russia

P&O Ferrymasters LLC