James Fisher and Sons plc

Annual Report and Accounts

2015

James Fisher and Sons plc is a leading service provider to all sectors of the global marine industry and a specialist supplier of engineering services to the energy industry.

We employ 2,800 people across 19 countries. Our companies and services have a focus on marine related activities which operate in potentially demanding environments where specialist skills are rewarded. Through innovation and acquisition we have developed market leading businesses through our four divisions: Marine Support, Offshore Oil, Specialist Technical and Tankships.

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Highlights

	2015	2014
Revenue	**£437.9m**	£444.8m
Underlying profit before tax*	**£41.2m**	£46.9m
Underlying diluted earnings per share*	**68.5p**	74.0p
Dividend per share	**23.8p**	22.0p
Cash conversion	**95%**	109%
Statutory profit before tax	**£46.2m**	£49.2m
Statutory diluted earnings per share	**79.2p**	79.2p

- Specialist Technical, Marine Support and Tankships combined underlying operating profit up 25%;
- Sharp decline in activity in Offshore Oil mitigated by swift cost reduction actions; gross margins held up well;
- Cash conversion strong at 95%;
- Full year dividend increased 8% to 23.8p per share;
- Galloper Windfarm contract secured worth in excess of £25m.

* James Fisher and Sons plc uses alternative performance measures as key financial indicators to assess the underlying performance of the Group. These include underlying operating profit, underlying profit before tax and underlying earnings per share as set out in note 2 on page 59. The narrative in the Annual Report and Accounts is based on these alternative performance measures.

Chairman's statement

"Underlying diluted earnings were 7% lower at 68.5 pence per share. This demonstrates the resilience of the Group's business model in challenging times, with a sharp down-turn in Offshore Oil being mitigated by the good performance of our other three divisions."

Charles Rice, Chairman

I am pleased to report that James Fisher and Sons plc finished 2015 strongly with an underlying profit before tax for the year of £41.2m (2014: £46.9m), making for a much improved second half. While this represents a 12% decline compared with 2014, the result demonstrates the resilience of the Group's business model in challenging times. The breadth of James Fisher's activities across the marine sector meant that three of our four divisions continued to trade well, partially mitigating the sharp down-turn in our Offshore Oil division. Group revenue for the year was marginally lower at £437.9m (2014: £444.8m). Underlying diluted earnings were 68.5 pence per share, a decrease of 7% compared with 2014.

Our Marine Support and Tankships divisions showed strong profit growth. Marine Support's performance reflected increased project revenues which were phased towards the second half as well as the initial contributions from businesses acquired earlier in the year. Tankships built further on its strong track record of recent years with costs reduced and utilisation improved. Specialist Technical delivered another strong result broadly in line with last year, making good progress with the delivery of its order book.

Our Offshore Oil businesses faced progressive oil and gas industry expenditure cut-backs as the year wore on with inspection and maintenance work being deferred, particularly in Norway. This has required management to take tough action to reduce costs and, sadly, staff numbers. The division is now on a firmer footing going forward assuming at least some stabilisation of demand.

The Group's cash conversion continued to be strong at 95% with year-end balance sheet gearing remaining at a conservative 43% despite acquisition expenditure of £27.2m in the year and an increase in project related working capital.

The resilience of the Group's performance has led the Board to propose an increase in the final dividend to 16.0 pence per share compared with 14.9 pence last year, making a total for the year of 23.8 pence per share, an increase of over 8% compared with 2014.

Strategy

The continued strong performance of the majority of the Group's businesses together with the strength of its balance sheet has enabled James Fisher to maintain its strategic course. The Group remains focused on investing in niche businesses which operate in demanding environments where their strong marine service and specialist engineering skills are valued and rewarded. By a combination of organic investment and targeted bolt-on acquisitions, these companies have grown both in terms of service capability and international presence and have been integrated into a wider service offering for our customers. The success of this strategy is reflected not only in the profit growth of recent years but also in the increased size of contracts being won and the growing strength of the Group's international presence.

With the down-turn in Offshore Oil, the Board has given particular attention to our forward strategy this year. Overall, we believe that your Company remains well positioned to generate long-term growth.

Our Marine Support businesses are global leaders in ship-to-ship transfers and they have strengthened their project management capabilities both offshore and subsea. In recent years their worldwide network has grown significantly with new bases in the Asia Pacific region and in Brazil. The acquisition of Subtech in Southern Africa and increased investment in our Nigerian business were further steps forward in 2015. The division's Subsea capabilities were boosted by the purchase of the mass-flow excavator assets of X-Subsea and our development initiative in the offshore renewables sector was strengthened by the acquisition of Mojo Maritime in May. The recently announced offshore support service contract for the construction phase of the Galloper windfarm marks a significant breakthrough in establishing James Fisher as an important service integrator to the offshore renewables sector.

Our Specialist Technical division is also well placed strategically. James Fisher Nuclear has been successful in becoming a recognised Tier 2 supplier to the nuclear decommissioning industry in the UK. Its growing reputation offers openings to overseas markets in the future. The company will also be able to provide services to the UK's nuclear new-build sector once this moves forward. JFD is a world leader in hyperbaric and submarine rescue service provision to both the commercial and defence sectors. The company has benefited in recent years from strong orders for saturation diving systems from the commercial sector. We reinforced our position in this field with the acquisition of the National Hyperbaric Centre in Aberdeen in February. We expect orders in this division from the oil and gas sector to slow but prospects overall to remain strong due to increased demand for our defence related products and submarine rescue services. JFD has been successful in strengthening its position in Asia Pacific and we would expect this region to grow further. In both James Fisher Nuclear and JFD, the Group has businesses with strong market positions and good growth prospects. As project based businesses, their profits are inevitably 'lumpy' but this variability can more easily be absorbed by a Group with three other more broadly based divisions.

Our Tankships division has produced an excellent performance in recent years. It provides some hedge to our Offshore Oil activities in that its volumes benefit as the price of oil falls. We remain focused on investing in the management and fleet operational performance of this division to ensure that it remains a strong niche provider to the coastal shipping sector both now and in the future.

The Offshore Oil division has been a key contributor to the profit growth of recent years. We have lived through previous cyclical down-turns in the oil and gas sector before, but the speed and depth of this cycle has been greater than we expected. That said, I believe that the Group entered this cycle in a strong position. We consciously decided against chasing over-priced acquisitions in this division in the past ensuring that we entered this tougher market with a strong balance sheet. Our businesses are predominately focused on niche services to the inspection and maintenance sector and are well placed to benefit from a resumption in maintenance and development work which cannot be postponed indefinitely. Tough action was taken during the past year to cut our cost base significantly but we have been successful in retaining the experienced management teams which have helped to generate our past success. We are therefore confident that this division will bounce back and we remain committed to investing appropriately to strengthen further its niche market coverage.

Overall, the Board believes that each of our four divisions continues to have attractive prospects based on strong market positions. The strength of our balance sheet means that the Group is well placed both to meet the organic investment needs of all four divisions and to continue with incremental acquisitions designed to reinforce our market positioning and our international network. Longer term, with its growing presence in the nuclear and renewables industries as well as the oil and gas sectors, the Group is well able to adapt to changes in the global energy mix.

The Board

Following the new appointments of Non-Executive Directors in recent years, there were no changes in the Board composition in 2015. During the year, an external board appraisal was carried out which concluded that the Board functions well as a unit and has a good mix of business experience to ensure that issues are examined from a broad range of perspectives. The documentation reviewed by the Board was considered to reflect an appropriate and good level of governance and process.

Staff

James Fisher has continued to benefit from a strong and stable management team both at Board level and in our operating companies. This has enabled the Group to adapt successfully to the new opportunities opening up in Marine Support and Specialist Technical and to deal with the increased scale and complexity of our international operations. In Offshore Oil, management and staff have had to face the tough task of restructuring our businesses to meet the down-turn in the oil and gas sector which has involved substantial redundancies. On behalf of the Board, I would like to thank all employees for their hard work and dedication to the continued success of the James Fisher Group.

Outlook

The strong finish to 2015 and the recently announced award of the Galloper windfarm contract in Marine Support means that we start 2016 on a firmer footing. This contract will gain momentum later this year leading to a pronounced weighting of earnings to the second half. It is too early to be certain that our Offshore Oil businesses have bottomed out, but we may reasonably expect that the impact of continued adverse market conditions on this division's earnings is likely to be limited following the restructuring work undertaken last year. Our Marine Support division looks well placed to deliver growth and Tankships continues to trade well at the levels seen last year. Prospects in our Specialist Technical businesses are strong but are linked to the timing of specific contract signings. Subject to confirmation of these, we remain positive for the year ahead and confident of the Group's potential to provide good growth and value for our shareholders in the future.

Charles Rice
1 March 2016

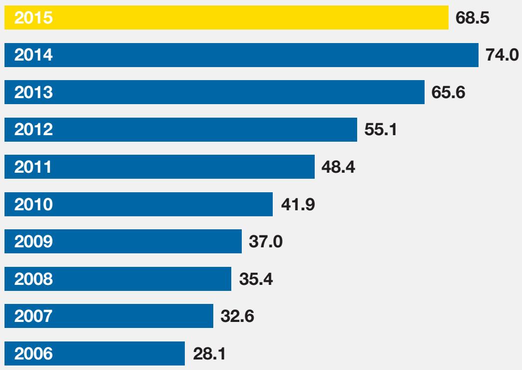
Chief Executive's review

"25% combined growth in underlying operating profit in our Specialist Technical, Marine Support and Tankships divisions shows the strength of the Group and the breadth of sectors in which our services are utilised."

Nick Henry, Chief Executive Officer

Principal corporate objectives

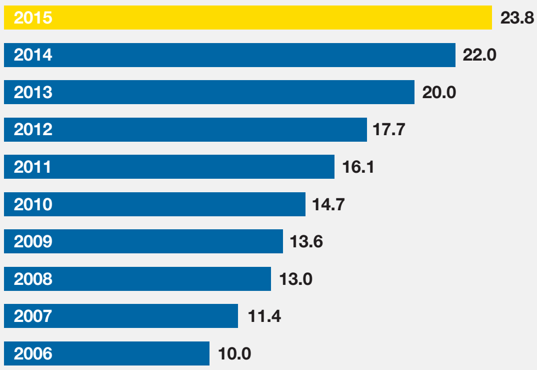
Deliver progressive long-term growth in underlying earnings per share



Underlying earnings per share (p)

- **Compound annual growth over last ten years of 12%**

Deliver progressive dividend growth



Total annual dividend per share (p)

- **Compound annual growth over last ten years of 11%**

Results

Operating profit in the Offshore Oil division was sharply down reflecting the challenging market conditions, as maintenance expenditure was severely cut with work deferred as a result of the fall in global oil prices. Our other three divisions, Specialist Technical, Marine Support and Tankships performed strongly, increasing their combined underlying operating profit by 25%. The Group's underlying operating margin was 10.4% (2014: 11.6%) and underlying earnings per share was 68.5p (2014: 74.0p). The degree to which the oil and gas sector postponed maintenance and modification work was greater than had been anticipated or had been experienced in previous cycles. Whilst activity levels were severely reduced, gross margins were largely sustained reflecting the specialist nature of our niche services.

Business model and strategy

The Group's strategy over the past decade has been to grow its marine services through organic growth from its niche businesses supplemented by selective bolt-on acquisitions to broaden our service and product offering. The Group leverages its marine skills to the global market focussing on less mature markets. Our businesses are entrepreneurially led, with market leading positions through operational excellence, delivering operating margins in excess of 10%, generating cash and producing a return on capital employed in excess of 15%.

Our strategic goal is to deliver long-term growth in underlying earnings per share and progressive dividend growth. The compound annual growth rate over the last ten years in underlying earnings per share is 12% and the compound growth in dividends over the same period is 11%.

The Group provides an extensive range of services to a broad range of industries. Our customers are predominantly large multinational corporations and government bodies. No customer amounts to more than 7% of Group revenue.

During 2015 the Group completed 5 acquisitions.

- In February, the National Hyperbaric Centre in Aberdeen was acquired for £3.5m. This broadens the Group's offering in hyperbaric testing and consolidates JFD's market leading position in the design, manufacture, testing and operation of hyperbaric reception facilities.
- In March, Subtech was acquired for an initial consideration of £3.3m. Subtech is based in Durban, South Africa with operations in Namibia, Mozambique, Tanzania and South Africa. The business provides a range of marine services and is well positioned in sub-saharan Africa for potential growth as offshore projects are developed in the future.
- In May, Mojo Maritime was acquired for £3.2m. Mojo have considerable experience and reputation within the offshore renewables sector providing project management, engineering and consultancy services. Mojo will be integrated into James Fisher Marine Services, the process of which has already commenced.
- In May the assets of X-Subsea were acquired for £14.8m. X-Subsea had gone into administration and were one of the competitors of James Fisher Subsea Excavation. This acquisition means we become a leading global operator of such specialist subsea tools which are used in the oil and gas and telecoms sectors and increasingly in the offshore renewables markets.
- A small nuclear sources distributor was acquired in January 2015 which has been integrated into James Fisher Nuclear.

From an operational perspective, the Group merged Testconsult, which was acquired in 2014 with Strainstall Monitoring to create James Fisher Testing Services to streamline the marketing of our load monitoring, bridge monitoring and testing services to the marine and construction sectors. James Fisher Subsea Services was created to pull together our diving and remotely operated vessel inspection businesses.

James Fisher Subsea Excavation

Following the acquisition of the assets of X-Subsea in May 2015, our existing mass-flow excavation tools were merged to create James Fisher Subsea Excavation (JFSE). Our extensive fleet of specialised excavation, trenching and dredging tools is employed in subsea operations in the oil and gas, telecoms and renewable energy sectors. Our tools are used in challenging environments to prevent damage to pipelines, cables, structures and the environment.

In September 2015, JFSE supplied its patented T4000 and Twin R2000 mass-flow excavation tools to trench and backfill two 500m lengths of a 16" pipeline lying in soft silty clay in the Manifa field offshore Saudi Arabia. The pipelines crossed through a 300m wide shipping channel. JFSE was required to provide as narrow a trench as possible, with a minimum trenching depth of 1.5m top of pipe. The project was completed on time and to the customer's satisfaction well within the estimated number of operational hours.

Divisional performance

	Revenue £m		Underlying operating profit £m		Underlying operating margin %		Underlying return on capital employed %	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Marine Support	**193.0**	164.2	**19.4**	14.2	**10.0**	8.6	**14.8**	15.1
Offshore Oil	**63.0**	104.9	**7.4**	22.4	**11.7**	21.4	**6.2**	18.0
Specialist Technical	**129.4**	121.4	**13.9**	13.3	**10.7**	11.0	**20.9**	23.5
Tankships	**52.5**	54.3	**7.1**	4.7	**13.5**	8.7	**28.5**	19.9
Common Costs	**–**	–	**(2.2)**	(3.1)	**–**	–	**–**	–
	437.9	444.8	**45.6**	51.5	**10.4**	11.6	**13.5**	16.5

Marine Support

Revenue in Marine Support increased by 18% in the year mainly due to businesses acquired and favourable currency movements. After excluding these and the corvette vessel management contract which ended in 2014, underlying revenue growth was 3% in the year. Underlying operating profit increased by 37% to £19.4m with a strong second half as businesses acquired in the first half contributed and due to projects falling into the latter part of the year. Excluding the effect of currency movements and businesses acquired, the organic growth in underlying operating profit was 7%.

Ship-to-ship transfers of hydrocarbons increased by 8% in volume terms. Despite the backdrop of declining oil prices in 2015, underlying revenue increased by around 20% compared to prior year. The markets in South East Asia and Middle East performed particularly well. Six transfers of liquefied natural gas were also completed and we remain well positioned for future growth in the medium-term in this emerging sector.

Our contract in Angola for mooring and diving services performed well in 2015 but will cease early in 2016 reflecting the different market conditions and customer operational re-structuring. We are currently in discussions with our customer for a managed handover of those operations.

Good progress was achieved in our renewables business as we successfully completed the first phase of the project for Meygen to install a tidal array in the Firth of Forth. Our acquisition of Mojo Maritime in May 2015 broadened our expertise and experience in tidal and offshore wind energy. We continued to provide services to the Offshore Transmission (OFTO) operators in 2015.

The recent announcement of the contract with RWE to provide an integrated range of marine services to the Galloper windfarm project demonstrates the market potential in this sector. Worth in excess of £25.0m, the contract will commence in the second quarter of 2016 and will progressively ramp up during the year and into 2017. The project will also utilise our Offshore Wind Management System which has been developed as an operational portal for the renewables industry.

Our acquisition of the assets of X-Subsea in May further expanded our mass-flow excavation business and we now have bases in key locations in the UK, North America, the Middle East and Singapore. This business performed well in the second half winning pipeline and cable burial and retrieval projects in the renewables and oil and gas sectors.

Testconsult, which was acquired in 2014, was merged during the year with Strainstall Monitoring to form James Fisher Testing Services (JFTS). JFTS saw continued growth in the Middle East and Malaysia. In the UK our Bridgewatch® data monitoring and asset management system was installed onto the new Forth Bridge during 2015 which will provide real-time information on the performance of the crossing over its lifetime. When the current Forth Bridge was closed after a crack was discovered in December 2015, JFTS rapidly deployed Bridgewatch® to provide information of the effects of wind and traffic loading on the structure. This information helped the decision to re-open the bridge two weeks earlier than planned.

Offshore Oil

Offshore Oil revenue was 40% lower as inspection, repair and maintenance work was deferred more than expected following the sharp decline in oil prices. The scale of the reduction in maintenance activity and the length of the lull in operations were greater than had been experienced in previous cycles. The Norwegian market, which had previously represented a quarter of the divisional revenue, was the most affected with a 37% reduction in revenue. The subsea market held up better owing to the longer lead time of subsea projects but fewer projects were initiated during 2015 which will affect 2016.

The degree of impact varied. Activity in the Middle East, Asia and Brazil were less affected, whereas West Africa saw a far greater decline in activity. The UK North Sea saw sharp declines later in the year but this sector represented a small proportion of the division.

Despite the tough market conditions, gross margins held up well and were only slightly below prior year. This reflects the specialist nature of our niche services. We took swift action to reduce costs and have reduced headcount by 25% since December 2014. Redundancy costs of £1.2m were incurred in the year and on-going annual costs have been reduced by £3.3m.

2014 had seen one-off product sales of £12.4m by Scantech Offshore. If this is excluded, divisional revenue was 28% lower. Whilst underlying operating profit reduced by £15.0m in the year, the underlying operating margin remained above the Group's benchmark at 11.7% (2014: 21.4%).

Specialist Technical

Revenue grew by 7% and underlying operating profit by 5% in Specialist Technical as our diving equipment, defence and nuclear decommissioning businesses delivered well against a strong order book.

JFD made good progress on a 24 man saturation diving system which will be installed onto a dive support vessel in 2016 to service Northern Europe and on an 18 man system to be installed on a vessel being built in Singapore and which will be completed in Baku, Azerbaijan in 2017. A third smaller system was commenced in the latter part of the year. Our service contracts to provide submarine rescue services for the UK, Singapore and Australia continued to perform well.

Delays in the procurement processes for contracts in the defence sector dampened growth in 2015 but the company remains well placed for further contract awards in 2016 which will drive future growth.

In February 2015 the acquisition of the National Hyberbaric Centre (NHC) in Aberdeen was completed for an initial cash consideration of £3.5m. NHC provide hyperbaric reception, testing and training services to the subsea industry and this further consolidates our industry leading position to the global market.

Our Nuclear business increased revenue by 13% with strong growth in decommissioning. This included the first phase of a purpose built nuclear waste store for Sellafield. Revenues for non-destructive testing services were below the previous year as a result of a reduction in workflow from the Magnox plants and our aerospace customers. The company has begun to see revenue from projects outside of the UK and has invested in business development for international markets. The business has continued to broaden the size and scope of projects that it bids for and is well placed for further growth in 2016. A small nuclear sources distributor was acquired in early 2015 for £2.2m which has performed well following its integration into the division.

Tankships

On 3% lower revenue, our Tankships division increased profits by 51% as vessel utilisation increased and operating costs were reduced compared to prior year. Volume of product transported was slightly higher and on average these cargoes were transported over longer distances which improved vessel utilisation. The number of vessels in the fleet was unchanged in the year and we continued to benefit from a contract for two of our vessels which is expected to continue through the first half of 2016.

Operating costs benefited from the renegotiation of charter rates for vessels introduced to the fleet in 2004/2005. The company continues to have an excellent operational safety record, which is a credit to all our officers and crews at sea and to the support team ashore. During the year the company was awarded the Operational Excellence Award at the annual Tanker Shipping and Trade Conference.

Volumes of clean petroleum product transported through our Plymouth port were 3% higher than 2014.

Operational Excellence Award

James Fisher Everard (JFE) has been transporting clean petroleum products around the UK and Irish coasts successfully for over 50 years. Its fleet of 17 vessels carry fuels such as petrol, diesel, kerosene and gasoil from refineries and terminals to coastal storage facilities in primarily 4,000 metric ton (mt) parcels. For many remote locations the JFE ships are the only reliable and cost effective means of supply such as some of the Scottish Islands and Channel Islands.

Safety and the environment are major concerns to JFE and in 2015 we transported around 3.3 million mt of product on over 900 voyages with no Lost Time Injuries to our crew and no spillage of product to the environment.

Coastal shipping is a tough and unrelenting business which is strictly regulated. JFE operates well beyond the required safety standards with high quality vessels and very experienced officers. Their excellent safety record was marked in 2015 when JFE won the Operational Excellence Award at the annual Tanker Shipping and Trade Conference in London. The Award acknowledged the company's commitment to operational excellence and continuous improvement, whilst operating in the challenging coastal waters in North West Europe.

Financial review

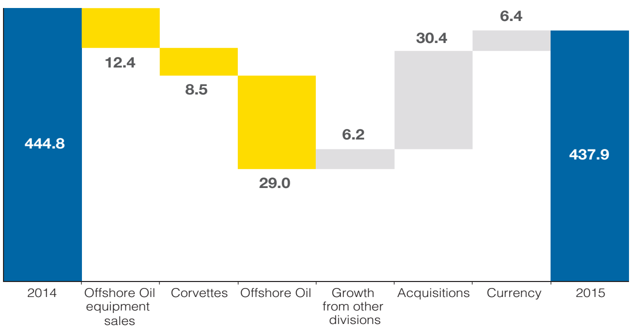
Stuart Kilpatrick, Group Finance Director

The financial results in 2015 reflected challenging conditions in Offshore Oil markets but good progress was achieved in our other divisions. As anticipated, underlying operating profit in the second half was slightly below 2014 and 28% higher than in the first half of 2015. For the year, underlying operating profit at Offshore Oil was reduced by £15.0m compared to previous year but increases in all of the other divisions of £9.1m limited the shortfall in the Group's underlying result against 2014 to £5.9m.

Revenue for the year was 2% lower than 2014 at £437.9m (2014: £444.8m). In 2014, Offshore Oil, which primarily hires equipment and engineers into the inspection and maintenance market, sold equipment into the South American market for £12.4m which did not recur in 2015. The marine support contract to manage three Corvette warships, which contributed revenue of £8.5m in 2014, ceased when the vessels were sold to the Indonesian Navy. Underlying revenue in Offshore Oil was 28% lower than in 2014 which was partly offset by the other businesses increasing by 2%. Businesses acquired added £30.4m to revenue in the year and favourable currency rates added a further £6.4m.

The Group's underlying operating margin reduced from 11.6% to 10.4% due to the profit reduction in Offshore Oil. Each of our four divisions reported an underlying operating margin in excess of 10% in the year.

Revenue bridge



The Group is exposed to fluctuations in exchange rates, primarily in respect of US Dollar cash flows and the translation of business results from Norwegian Kroner to UK Sterling. The table below sets out average exchange rates in 2015 and 2014:

	2015	2014	% change
US Dollar	1.53	1.65	(7)%
Norwegian Kroner	12.35	10.44	+18%

A significant proportion of revenue is invoiced in US Dollars and the Group benefits from the US Dollar strengthening against UK Sterling and conversely a weaker US Dollar has an adverse impact. Forward currency contracts are entered into to mitigate the risk of an adverse impact on profits for a portion of expected US Dollar net cash flows. The Group does not hedge translation exposure where the local business records its transaction in local currency. The net impact of changes in currency rates compared to 2014, after forward contract hedging, was to increase underlying operating profit by £3.2m.

Underlying profit before taxation and net finance charges

Net finance charges comprise interest payable and similar charges on the Group's borrowings, notional interest on legacy defined benefit pension schemes and non-cash interest in unwinding the discount on contingent consideration for businesses acquired. The total net finance charge for the year was £0.4m lower than previous year at £4.3m (2014: £4.7m). Interest payable on bank borrowings was £0.1m higher as increased borrowings offset a reduced overall cost of borrowing. Notional pension interest was £0.2m less than prior year due to a lower net deficit at the start of the year and the unwinding of the discount on contingent consideration was £0.3m lower following a provision reduction in 2014. Underlying profit before taxation was 12% lower at £41.2m (2014: £46.9m).

Taxation

The effective tax rate on underlying profit before tax was 14.3% (2014: 19.2%) The reduction compared to last year is due to tonnage tax relief on the profits of its Tankships operation which were 16.2% (2014: 9.1%) of underlying operating profit in 2015. Over provisions in prior years have been reduced as estimates of cash tax payable were revised downwards due to greater certainty particularly with regards to overseas jurisdictions. This reduced the effective tax rate by three percentage points. In addition, UK corporation tax rates reduced by 1.25 percentage points compared to 2014.

The Group's tax policy has been approved by the Board and shared with the UK tax authorities. Whilst the Group has a duty to shareholders to seek to minimise its tax burden, its tax policy is to do so in a manner which is consistent with its commercial objectives, meets its legal obligations and its code of ethics. We aim to manage our tax affairs in a responsible and transparent manner and with regard for the intention of the legislation rather than just the wording itself.

Separately disclosed items

The Directors' consider that the alternative performance measures described in note 2 assist an understanding of the underlying trading performance of the businesses. These measures exclude separately disclosed items which comprise gains or losses on the sale of businesses, material impairments and acquisition related charges and income and are set out below:

	2015 £m	2014 £m
Acquisition related (charges) and income:		
Costs incurred on acquiring businesses	**(1.3)**	(0.7)
Amortisation of acquired intangible assets	**(1.2)**	(1.0)
Adjustments to contingent consideration provisions	**8.5**	4.1
Loss on disposal of businesses	**(1.0)**	–
	5.0	2.4

Costs incurred on acquiring businesses increased due to more businesses being acquired in 2015 and greater complexity on overseas acquisitions. Contingent consideration was provided on the acquisition of Subtech in March 2015 with an element based on 2015 earnings and an earn-out for the two year period ending 31 December 2017. The provision was adjusted at 31 December 2015 resulting in a credit to the income statement of £5.0m as the 2015 target was not achieved. A further £3.5m relates to Divex, which was acquired in 2013, where some specific saturation diving system orders have fallen outside of the qualifying period.

The Group disposed of two small businesses in the year with revenue of £1.2m, resulting in a book loss of £1.0m.

Earnings per share and dividends

Underlying diluted earnings per share decreased by 7% to 68.5p per share (2014: 74.0p) which was less than the change in underlying profit before taxation due to favourable variances on net finance expense and taxation. Diluted earnings per share after separately disclosed items was unchanged at 79.2p per share (2014: 79.2p).

The Board are recommending an 8% increase to the total dividend for the year to 23.8p per share (2014: 22.0p). A final dividend of 16.0p per share (2014: 14.9p) will be paid, subject to approval at the Annual General Meeting, on 6 May 2016 to shareholders on the register on 8 April 2016. Dividend cover based on the ratio of underlying earnings per share divided by the dividend per share was 2.9 times (2014: 3.4 times).

Cash flow and borrowings

Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 5% due to lower earnings in Offshore Oil. The Group's cash conversion, the ratio of underlying operating cash to underlying operating profit was 95% (2014: 109%). The working capital outflow of £22.7m (2014: £11.9m) was adversely impacted by significant project work spanning the year end and receipts from a major customer being deferred into 2016.

Summary cash flow	2015 £m	2014 £m
Underlying operating profit	**45.6**	51.5
Depreciation & amortisation	**23.2**	21.1
Underlying ebitda	**68.8**	72.6
Working capital	**(22.7)**	(11.9)
Pension/other	**(2.7)**	(3.9)
Operating cash flow	**43.4**	56.8
Interest & tax	**(12.2)**	(9.1)
Capital expenditure	**(20.2)**	(28.6)
Acquisitions	**(27.2)**	(12.2)
Dividends	**(11.4)**	(10.3)
Purchase of ESOT shares/other	**(3.9)**	(4.6)
Net outflow	**(31.5)**	(8.0)
Net borrowings at start of period	**(62.3)**	(54.3)
Net borrowings at end of period	**(93.8)**	(62.3)

Net cash capital expenditure in the year was £20.2m (2014: £28.6m) reflecting reduced spend in the Offshore Oil division but continued investment for growth in Specialist Technical and Marine Support. Cash outflows on businesses acquired amounted to £27.2m as the Group invested in five businesses to bolt-on to its existing marine service activities.

Net borrowings increased in the year by £31.5m to £93.8m (2014: £62.3m) as a result of the businesses acquired and the working capital outflow. At 31 December 2015, the ratio of net borrowings (including guarantees) to underlying EBITDA was 1.4 times (2014: 1.0 times) and the Group had £67.4m (2014: £81.4m) of undrawn committed banking facilities. Net gearing, the ratio of net debt to equity, was 43% (2014: 31%).

Pensions

As previously flagged, the trustees of an industry-wide Merchant Navy Ratings Pension Fund (MNRPF) have been given permission by the High Court to extend the requirement for deficit contributions beyond current employers to both current and past employers. During 2015, the trustees notified employers of their potential liability and related payment plan proposals. The Group has recognised through the Consolidated Statement of Other Income a liability of £8.6m as at 31 December 2015 and is in discussion with the trustees to finalise contribution arrangements. The Group is also liable for contributions to a similar industry-wide scheme, the Merchant Navy Officers Pension Fund (MNOPF) and following its triennial valuation as at March 2015, no additional contributions over the current payment plan were requested by the trustees.

During the year, the Group made cash contributions to these schemes and its own shore staff scheme of £3.5m (2014: £4.7m). Total defined benefit net liabilities were £27.0m (2014: £21.8m) reflecting the addition of the MNRPF liability less cash contributions in the year.

Principal risks and uncertainties

The Group's risk management framework

The Board is ultimately responsible for the management of risk in the Group. Our internal control and risk management framework is regularly monitored and reviewed by the Board and the Audit Committee and comprises a series of policies, processes, procedures and organisational structures which are designed to ensure that the level of risk to which the Group is exposed is consistent with the Board's risk appetite and the Company's strategic objectives.

The Board determines the Group's policies on risk, appetite for risk and levels of risk tolerance and specifically approves: risk management policies and plans; significant insurance and/or legal claims and/or settlements; major acquisitions, disposals and capital expenditures; and the Group budget, forecast and three year plan. The Board has put in place a documented organisational structure with strictly defined limits of authority from the Board to operating units that have been communicated throughout the businesses and are well understood by the Executive Directors, the central management team, functional and business leaders who have delegated authority and specific responsibility for ensuring compliance with and implementing policies at corporate, divisional and business unit level. Central functions and operating units are each required to operate within this control environment and in accordance with the Group's established policies and procedures which include ethical, anti-bribery and corruption, treasury, employment, health and safety and environmental policies and procedures.

The Group's trading companies are supported by centralised finance, treasury, taxation, internal audit, legal and company secretarial, human resource and payroll and information systems functions: the functional heads report to a nominated Executive Director. The Board retains an oversight role, receives regular reports on key issues and has a schedule of matters specifically reserved to it for decision thus ensuring that it maintains full and effective control over appropriate strategic, investment, financial, organisational and compliance issues. This schedule is subject to review by the Board on an annual basis.

Risk Management Systems

The key features of the Group's risk management systems are as follows:

- Each trading business is required to maintain an up to date risk register, which is reviewed at each business board meeting, identifies key risks and assesses the likelihood and impact of each risk before and after mitigation measures are taken.
- On an annual basis the risk registers are submitted to the Company Secretary and Head of Internal Audit for analysis. This analysis is considered by the Board when determining the Group's principal risks and the areas of internal audit focus for the forthcoming period.
- The trading company managing directors complete a risk management review questionnaire on an annual basis which is a self-assessment of operational controls and compliance with laws and regulations relating to their business. This enables business managers to identify risks and focus on mitigating strategies. The reviews are submitted to the Company Secretary for analysis and reporting to the Board.
- The Group Risk Committee meets quarterly and is chaired by the CEO with representation from functional heads including finance, human resources, legal and company secretarial, information services, insurance and internal audit. The minutes of the Risk Committee are reported to the Board.

Business Reporting and Performance Reviews

The Group operates an annual budgeting process and produces quarterly forecasts which are reviewed and approved by the Board. Monthly results are compared with budget and prior year and individual business reviews are conducted quarterly which include a review of financial results. The businesses also compile a three year strategic plan.

The Executive Directors hold quarterly board meetings with each business units to discuss strategy, financial results and forecasts, business needs and the management of risks facing the business.

Identifying and Monitoring Material Risks

Material risks are identified and monitored as follows:

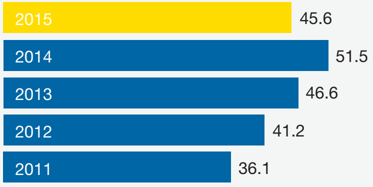
- A risk evaluation process commences in the operating companies with an annual exercise to identify the significant operational and financial risks facing the business. This is supported by a self-assessment internal control review questionnaire completed by each operating company and submitted to the Group Head of Internal Audit. This process is robust and challenging, ensures that risks are identified and that management have adequate internal control systems in place to report any weaknesses that require management attention. The results of the analysis are utilised to determine future areas of internal audit focus.
- A 'risk score' is determined for each risk based on the likelihood of each identified risk arising and the potential impact on the business of an adverse outcome. The risk score before and after mitigation is reviewed at business and Group level.
- The risk assessments are summarised and presented to the Board who evaluate the principal risks of the Group by reference to the strategy and operating business environment.

Principal risks and uncertainties

The most significant risks that the Board considers may affect our business based on the risk evaluation process described above are listed below. These risks are similar to last year except for the addition of cyber-security. The Group's decentralised business model and geographical spread helps to mitigate the impact of each principal risk.

Risk description and potential impact	Management and mitigation
Project Delivery	
As the Group grows, wins large contracts and operates in more geographies, the failure to deliver a major contract on time, within budget or in accordance with its terms or customer requirements could have potentially significant adverse financial and reputational consequences and could potentially result in litigation.	The Group has established processes for contract reviews and utilises professional expertise to minimise risk in contract negotiation. All major contracts are referred to the Board for approval and limits of authority are designed to ensure that contracts are reviewed and approved at appropriate levels prior to commitment. Major tenders and contracts are subject to on-going review at levels and frequencies appropriate to performance and potential risks.
Recruitment and retention of key staff	
James Fisher has strong and experienced management teams in its operational businesses and depends on the skills, experience and competence of all of its people to drive the business forward in established and new markets. The Group's success in delivering its strategic objectives depends on recruiting and retaining the right people in all areas of our business and planning succession in key leadership positions. The failure to attract, retain and develop personnel of the requisite calibre could have an adverse impact on the business.	Our strategy to attract and retain talent includes graduate recruitment, identifying and developing future leaders, regular appraisals, formal and informal training plans, succession planning, and appropriate remuneration incentives including the extension of share schemes to key individuals. We aim to develop talent from within. Succession and talent development is regularly discussed at Board and trading company level. There are several management development programmes in place for individuals who have been identified as potential senior managers. These programmes are defined to help develop and grow the capabilities and behaviours required of senior managers so that we have potential successors for key business roles. These strategies are designed to retain and motivate individuals and to ensure their commitment to the success of the business.
Reputational risk from operations	
The Group's success is dependent on conducting its business safely and in accordance with all applicable regulatory requirements. Our businesses are reliant on ensuring that a good reputation is maintained with their customers. An adverse operational incident would potentially damage the Group financially and commercially and the impact would be heightened if it failed to react promptly or deal with it effectively.	The Group places a particular emphasis on the health, safety and security of its operations which are continually monitored and reported to the Board. We have policies and processes to safely and compliantly manage our operations, to protect our employees and others and to react appropriately to operational incidents.
Financial	
The Group is exposed to a variety of financial risks which could adversely affect the financial performance of the Company. The risks include interest rate, foreign exchange and credit risk. An increase in interest rates or change in exchange rates or credit restriction would have a financial impact.	The Group's centralised finance function oversees all key strategic finance matters and is responsible for treasury, tax, foreign exchange and funding requirements. This includes the day to day management of the Group's liquidity, interest rate and foreign exchange rate risks. The Group maintains relationships with a small key group of banks and reviews its funding mix and requirements at each Board meeting. The Board discusses macro-economic issues and their potential impact on each of these risks. Forward currency contracts and interest rate swaps are entered into to mitigate the risks of adverse currency or interest rate movements. The Group enters into bilateral facilities to spread its maturity profile and aims to maximise the term of its revolving credit facilities.
Energy markets	
The Group has significant operations in the oil and gas sector and business operations in other energy sectors such as nuclear and renewables. A marked fall in oil and gas prices leads to reduced investment in this market and this can affect demand for the Group's products and services and impact financial performance.	The Group has exposure across the energy sector and to a broad range of end markets and differing geographies. This together with the maintenance of close relationships with key customers and suppliers helps to mitigate the potential impact of market risks in the energy sector. Specifically with regard to the oil and gas sector, the Group has limited exposure to the exploration phase and seeks longer term contracts for inspection, repair and maintenance work.
Operations in emerging markets	
The Group has increasing activities in overseas emerging markets and key growth economies which may be in association with local shareholders. This together with legislative restrictions, embargoes, sanctions and exchange controls all has the potential for increasing the Group's financial and governance risk exposure. Any significant failure to comply with laws or regulations could lead to liabilities and penalties.	The structure of and reporting lines for our overseas operations and the relations with third parties are continually reviewed as businesses develop to ensure an appropriate form of command and control is maintained, dependent on the particular operating environment and the nature and size of the business. The Group allocates additional resource to areas of higher risk and has enhanced its internal audit reviews for overseas businesses which are supported by external audit companies, where appropriate. Processes are in place which are designed to ensure that all businesses operate in accordance with legislative restrictions, embargoes, sanctions and exchange controls and the Group's policies and applicable laws.
Cyber security	
Attempts to cause harm to the Group and its businesses via digital channels could lead to theft, fraud, interruption to business and damage to our reputation.	The Group's IT systems are defended through the use of software protection and processes which are regularly reviewed and tested. These defences include gateways, firewalls and threat detectors. IT security information and updates are reviewed on a regular basis and accounting and banking controls are regularly appraised to ensure they are appropriate, up to date and comply with recommended practice.

Key performance indicators

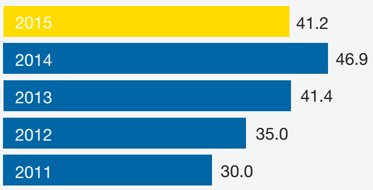


Underlying operating profit (£m)

Underlying operating profit is after adjusting for separately disclosed items and is the underlying profit from operations before interest. The Group has increased underlying profit by a compound rate of 10% over the last five years.

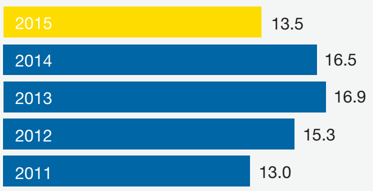
Operating margin (%)

Operating margin is the ratio of underlying operating profit to revenue. The Group's operating margin in 2015 was 10.4% (2014: 11.6%).



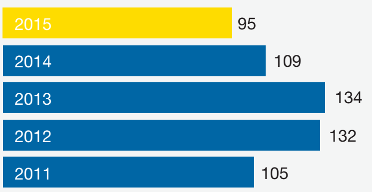
Underlying profit before tax (£m)

Underlying profit before taxation is after interest and before separately disclosed items and related taxes. The compound annual growth rate in underlying profit before taxation over the last five years is 11%.



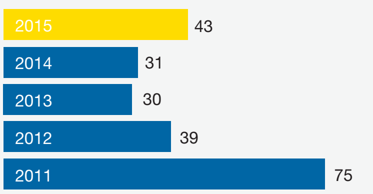
Return on operating capital employed (%)

Return on operating capital employed is defined as underlying operating profit divided by average operating capital employed. Operating capital employed comprises tangible fixed assets, intangible fixed assets, operating debtors net of creditors, less provisions. The Group's post tax return on operating capital employed (note 2) was 13.5% (2014: 16.5%) at 31 December 2015.



Cash conversion (%)

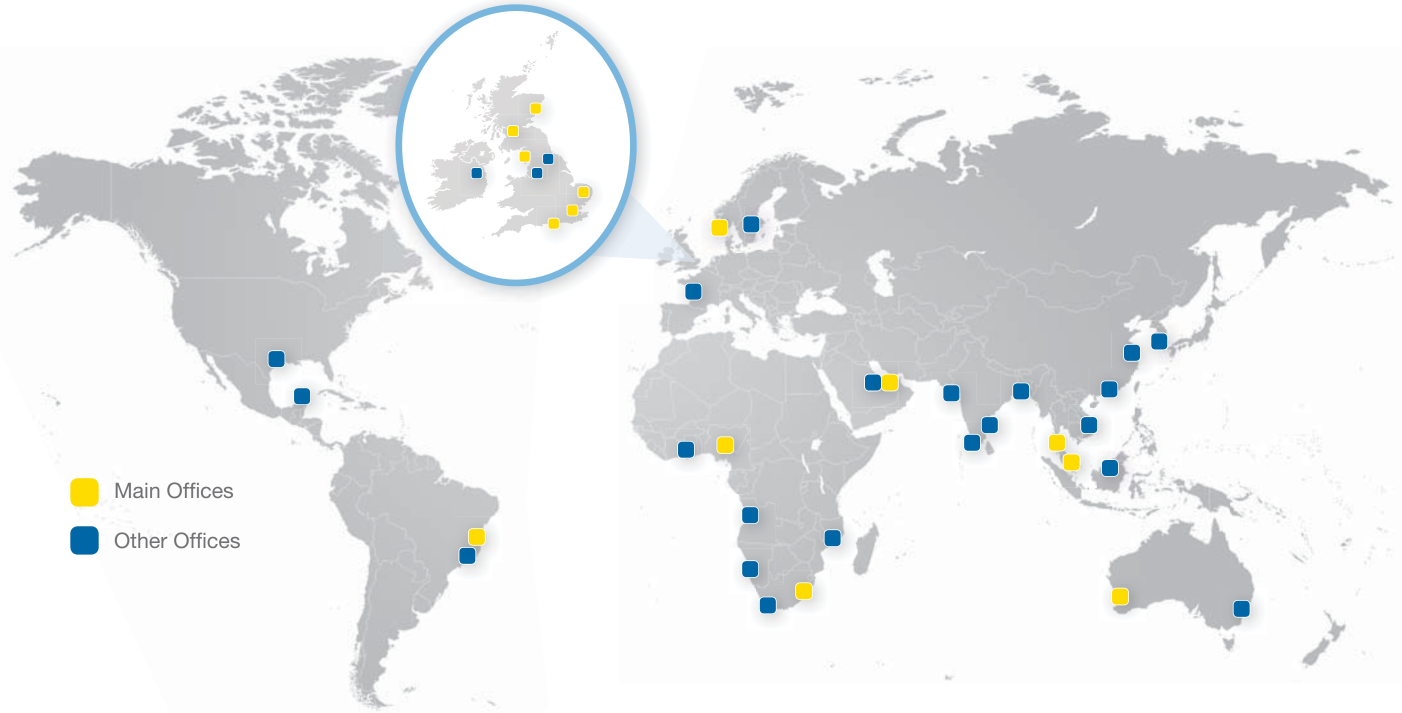
Cash conversion is defined as the ratio of operating cash flow to underlying operating profit. Operating cash flow is defined as underlying operating profit, adding back depreciation and amortisation and adjusting for net movements in working capital, pension payments and for the cash profits of associates. The Group's cash conversion was 95% in 2015 (2014: 109%).



Gearing (%)

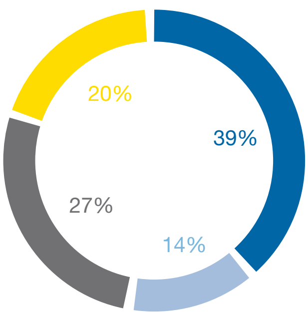
Gearing is defined as the ratio of net borrowings to net assets. The gearing of the Group at 31 December 2015 was 43% (2014: 31%).

Geographical locations



Revenue by geography

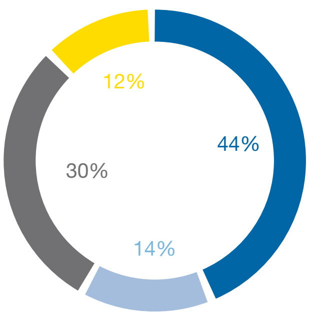
2015



- UK
- Europe
- Middle East, Africa & the Americas
- Asia Pacific

Revenue by division

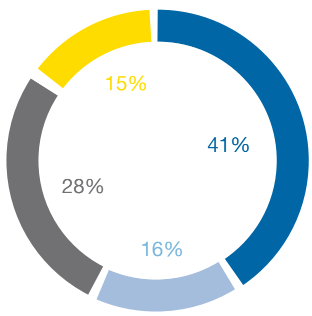
2015



- Marine Support
- Offshore Oil
- Specialist Technical
- Tankships

Profit by division

2015



- Marine Support
- Offshore Oil
- Specialist Technical
- Tankships

Business model

Our business model is based on high quality niche businesses offering a range of marine services predominantly to large multinational customers and governments globally.

High quality marine services

Our businesses are linked together by a set of common marine service skills.

The Group provides solutions to customers through the provision of specialist equipment which is coupled with the detailed knowledge of our people, who are industry experts in their specific operations. The equipment is often designed and assembled by our people, who then operate it and provide through-life support to our customers.

Whilst our expertise originates in the UK, the Group provides these solutions and support internationally and focuses on servicing less mature markets.

Addressing such customer demands for quality and improvement requires the continuous development of innovative products to maintain market leadership in our areas of service.

Entrepreneurial culture

The Group has a decentralised management structure and encourages managers to be responsible for making timely decisions in the best interests of their businesses but with the back-up and resources of a larger group.

Our businesses have strong, experienced management teams that are rewarded according to the success of their businesses. An entrepreneurial culture means that decisions are made quickly and in response to changes in the market and the competitive environment.

Buy and build

Acquisitions are a key part of our business model which broaden our product range and service portfolio, deepen our management pool and potentially extend our geographical coverage for our large multinational customers. James Fisher has acquired a number of owner managed companies with specific expertise. The Group's global reach has facilitated the internationalisation of operations of these companies. Subsequent strong organic growth has been achieved through investment in people, working capital and equipment.

Strategy

The Group's strategy is to leverage marine skills in areas of specialist expertise to a global market.

The Group has a range of entrepreneurially led businesses which are market leaders in their specific operational niche. Our businesses operate in demanding environments where strong marine service and specialist engineering skills are valued and rewarded. We seek to provide solutions to our customers in the less mature and fast growing markets where they value trusted and quality suppliers. Our niche operations are integrated into a wider service offering to a diverse range of end markets.

Our focus on operational excellence requires that our businesses are:

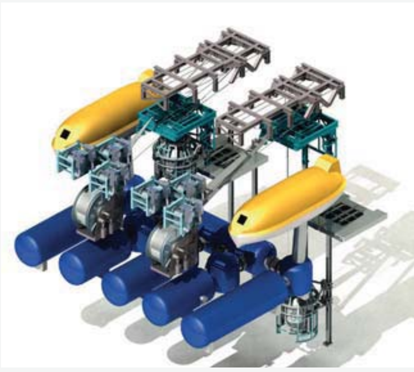
- cash generative;
- have operating margins in excess of 10%; and
- provide returns on capital employed in excess of 15%.

Bolt-on acquisitions broaden the range of products and services that we provide. Our acquisition strategy has focused on niche businesses with a strong entrepreneurial culture which fit well with our operating style and growth strategy. As a cash generative Group with a strong balance sheet, businesses are usually acquired using existing cash or borrowing resources. The businesses acquired have a good track record and typically need additional resources for their next growth phase. Where business bolt-on to existing businesses we seek to optimize shared back office functions, purchasing opportunities and cross-selling within the Group.

Saturation Diving Systems

In 2015, JFD designed and assembled an 18 man saturation diving system for Keppel Singmarine. The system will be installed on a new subsea construction vessel, the SCV Khankendi, which is being built at a shipyard in Baku, Azerbaijan. Once complete the SCV Khankendi is intended for the Shah Deniz Project in the Caspian Sea, some 30 miles south of Baku.

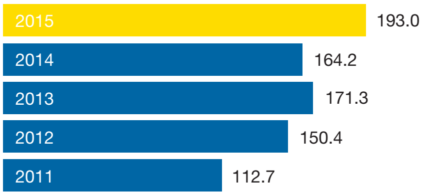
JFD will oversee the installation of its equipment and support commissioning. Diving Bells and Hyperbaric Lifeboats are in build and due to be delivered in 2016.



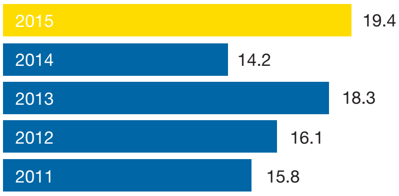
Sector review

Marine Support

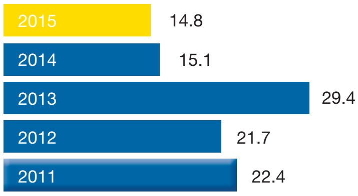
Revenue (£m)



Underlying operating profit (£m)



Return on capital employed (%)



Sector

Our Marine Support businesses provide products, services and solutions to the global marine industry. Our services are supplied to a range of end market sectors including marine, oil and gas, ports, construction and renewables.

Our principal businesses

	Operations	End markets	Locations
Fendercare	Marine products and services, ship-to-ship transfers, diving services, marine consultancy	Marine, oil and gas, renewables, defence	UK, Singapore, Australia, UAE, Brazil, Nigeria
JF Testing Services	Products and services that measure and monitor structural stress, instrumentation and materials testing	Marine, oil and gas, renewables, civil and construction	UK, UAE, Qatar, Singapore, Malaysia
JF Marine Services	Integrated marine service contracts	Marine, oil and gas and renewables	UK
JF Subsea Excavation	Mass-flow excavation services	Oil and gas and renewables	UK, Mexico, Singapore
JF Subsea Services	Diving and marine services	Renewables, oil and gas and marine	UK
Subtech	Marine services and diving	Oil and gas, marine, construction	South Africa, Mozambique and Namibia

Market drivers

Fendercare is the leading provider of pneumatic floating fenders and other mooring equipment to the global marine industry. The sectors serviced are commercial shipbuilding, ship refurbishment, defence, port developments and the oil and gas market for project applications.

Fendercare is also the leading provider of ship-to-ship services for the transfer of crude or refined oil, liquefied natural gas or bulk cargoes. The demand for these services is driven by the volume of oil trading between oil majors and independent traders and also by production where local port infrastructure is unable to accommodate large tankers.

JF Testing Services is the leading provider of strain gauges to the marine industry, which are used in a range of applications such as mooring systems on ships and in ports as well as being used to monitor structural integrity of infrastructure in the construction and transport sectors. The sectors serviced encompass new shipbuilding, ship refurbishment and life extension, port developments, and projects for the oil and gas market.

It is also a leading provider of specialist testing and monitoring services to the construction and maintenance sectors and designs and manufactures testing and monitoring equipment, supporting customers worldwide.

The market drivers for JF Testing Services are new projects in the marine, oil and gas, infrastructure and renewables sectors, where our niche offering and innovative products and services provide a competitive advantage.

James Fisher Marine Services delivers an integrated service offering that utilises the wide range of marine skills across the Group to provide added value to its customers. Demand for its services is driven by the operation and maintenance activities in the marine, oil and gas and renewables sectors.

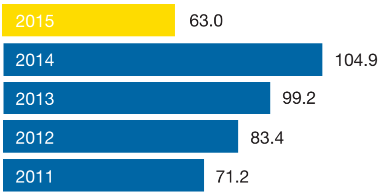
James Fisher Subsea Excavation specialises in providing mass flow excavation tools and services to cover or uncover subsea pipelines or cables. Demand for its services is driven by global cable and pipeline projects primarily in the oil and gas, renewables and communication sectors.

James Fisher Subsea Services is a specialist in providing reliable remotely operated vehicle (ROV) systems and diving personnel for underwater surveys, inspections, construction and diver support, in the offshore oil and gas, hydro power, marine and renewables industries worldwide.

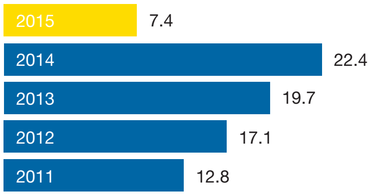
Subtech provides a range of marine services to the sub-saharan Africa region. Demand for its services is driven by port construction projects, diving projects and support for the major salvage companies.

Offshore Oil

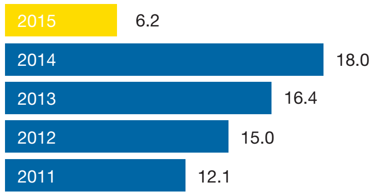
Revenue (£m)



Underlying operating profit (£m)



Return on capital employed (%)



Sector

Our Offshore Oil businesses supply a range of services and equipment to the global oil and gas industry. This includes the design and engineering of specialist equipment, platform maintenance and modification, well testing support, subsea operations and maintenance services. James Fisher is also established as a world leader in artificial lift specialist completion technology and innovative accessory tools for electrical submersible pumps.

Our principal businesses

	Operations	End markets	Locations
ScanTech AS	Design and engineering of specialist equipment, platform maintenance and modification, well testing support and subsea operations	Oil and gas	Norway
Scantech Offshore	Provides products and services to well testing companies	Oil and gas	UK, UAE, Brazil, Australia, Malaysia
RMSpumptools	Artificial lift specialist completion technology and innovative accessory tools for electrical submersible pumps	Oil and gas	UK, UAE
Fisher Offshore	Provides range of lifting equipment and services to the marine, offshore and subsea industries	Oil and gas	UK, Malaysia

Market drivers

ScanTech AS is Norway's leading provider of ATEX (ATmosphères EXplosives) products and support services to the Energy sector. Its products and services are supplied to the Norwegian oil and gas market and which are used for platform maintenance, well testing or specific projects. Equipment is designed and certificated to the Norsok standard. The driver for the business is the operation and maintenance spend on offshore rigs in the Norwegian sector.

Scantech Offshore is the leading provider of air compressors, steam generators, heat suppression equipment and qualified personnel for the well testing market worldwide. It rents equipment to the large multinational oil service companies along with qualified personnel to operate the equipment. The driver of the business is the operation and maintenance spend on offshore rigs around the world.

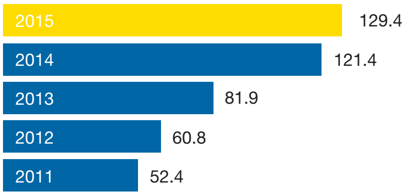
RMSpumptools is a world leader in artificial lift specialist completion technology and innovative accessory tools for electrical submersible pumps. RMSpumptools supplies products to the global downhole oil and gas market which improve the productivity of wells utilising electrical submersible pumps.

Fisher Offshore provides winches, hoists, marine cranes and subsea hydraulic tooling to the oil and gas and marine sectors. Its market driver is maintanence, inspection and repair demand and subsea projects.

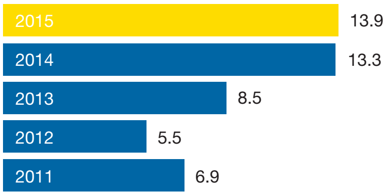
Offshore Oil operates in niche areas of the oil and gas services market. These are predominantly focused on the operation and maintenance phases of the market with limited exposure to exploration expenditure.

Specialist Technical

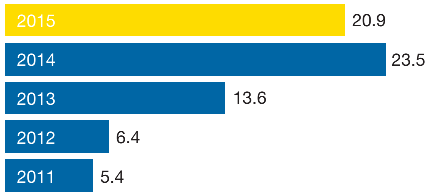
Revenue (£m)



Underlying operating profit (£m)



Return on capital employed (%)



Sector

Our Specialist Technical businesses supply diving equipment and services, submarine rescue products and support services and engineering solutions to the UK nuclear decommissioning market. The submarine rescue market is a small niche with a national navy either having its own capability or relying on other countries. Other subsea services provided to the defence sector include diving equipment and special operations vessels. The Group also supplies saturation diving systems which are installed onto dive support vessels and support deep subsea diving activities. JF Nuclear provides engineered solutions which operate in hazardous environments in the nuclear industry.

Our principal businesses

	Operations	End markets	Locations
JFD	Design, supply and servicing of diving and subsea equipment, submarine rescue and special operations services	Defence, commercial and defence diving, hyperbaric and submarine rescue	UK, Australia, Singapore, Sweden
JF Nuclear	Engineered solutions in remote handling, non-destructive testing and calibration services	Nuclear decommissioning	UK

Market drivers

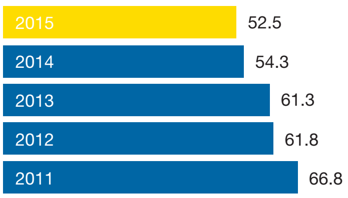
JFD is the world's leading supplier of saturation diving systems and related diving equipment. Its end markets are oil and gas and defence. Saturation diving systems are both fixed and portable. Fixed systems are usually built into dive support vessels (DSV). JFD provides the equipment and the follow-on consumables, support and maintenance to the DSV operator. The construction and replacement of DSVs drives new build saturation diving systems which in turn drives ancillary service and product spend. JFD's defence market is based on service, repair and calibration on-going requirements and on projects requiring specialist diving equipment.

JFD is also the world leader in submarine rescue services. It encompasses the ability to design, deliver and operate submarine rescue vehicles. It has long-term service contracts with navies in a very niche area of capability. The driver is the tendering of defence projects for provision of the equipment, which can then lead to longer term service contracts to operate the service. We currently provide submarine rescue services to the UK, Singaporean and Australian navies. The business also provides swimmer delivery vessels to the special operations markets.

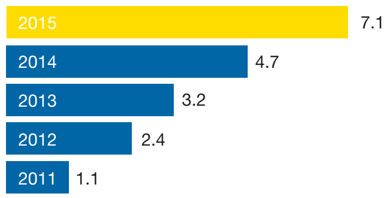
JF Nuclear provides engineered products and services to the nuclear industry both in the operation of nuclear power plants and decommissioning. Its products and services operate in hazardous environments. The business provides instrumentation, non-destructive testing, calibration and digital radiography to the nuclear, aerospace and process industries. The market drivers for JF Nuclear are the demand for its products, services and lifetime support from the UK decommissioning industry, radiological calibration requirements and projects within the aerospace, process and defence industries.

Tankships

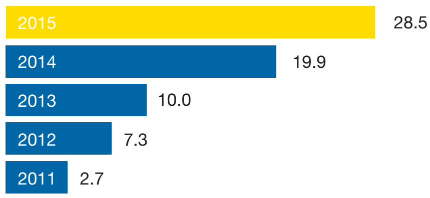
Revenue (£m)



Underlying operating profit (£m)



Return on capital employed (%)



Sector

Our Tankships division operates a fleet of product tankers which trade along the UK and North European coastline carrying petrol, diesel, kerosene and biofuels. We perform over 1,000 voyages each year carrying fuel from refinery and terminals to major coastal storage facilities. We also operate a port in Plymouth, UK.

Our principal businesses

	Operations	End markets	Locations
JF Everard	Delivery of clean petroleum products around the European coastline	Distribution of clean petroleum products	UK
Cattedown Wharves	Port operations	Wet and dry product distribution	UK

Market drivers

JF Everard (JFE) distributes clean petroleum products under contracts with oil majors from refineries and terminals to storage facilities around the European coast and to islands. It operates a fleet of double hulled product tankers with capacity ranging from 3,000mt to 13,000mt. The business driver is the level of consumption of clean products (petrol, diesel, kerosene and biofuels) in the UK, Ireland and Northern Europe.

JFE has undertaken 35,000 voyages since the year 2000, carrying in excess of 73 million tonnes of petroleum products. This has been achieved whilst maintaining an excellent safety record.

Shipping clean petroleum products dramatically reduces our customers' carbon footprint compared to other modes of transportation. CO2 emissions are halved for shipping compared to road freight and just one full ship keeps more than 150 trucks from the roads.

Cattedown Wharves is a port in Plymouth which provides stevedoring services to the oil majors who own tank farms in Plymouth. It also handles dry cargoes such as animal feed which is imported into and clay which is exported from the South West. The primary driver for the business is the level of consumption of clean oil products within the South West of the UK.

Corporate responsibility

Introduction

The Company is committed to building a sustainable and profitable business while continuing to operate responsibly with honesty, integrity and fairness. Our Board of Directors is ultimately responsible for establishing high ethical standards of behaviour, effective corporate governance and defines our strategic and financial objectives. Corporate responsibility remains central to delivering our strategy and the Chief Executive Officer is the Director with specific responsibility for corporate responsibility matters and oversees the processes and measures used to manage the Group's social, environmental, ethical, health and safety and associated internal controls. The Group has implemented a number of policies covering anti-bribery and corruption, business ethics, whistleblowing and diversity which support our approach to corporate responsibility. The effectiveness of these policies and procedures are monitored and reviewed on a regular basis to ensure that they align with our Group strategy. We require all our employees to conduct themselves to the highest level of ethical conduct in their business activities and to comply with relevant laws, regulations and standards of market practice in all jurisdictions where the Group operates. We do not permit bribery, illegal or corrupt business practices and we provide a procedure for employees to raise any malpractice concerns in an appropriate forum without fear of recourse.

Our people

As a service business the Board recognises that the success of our business is built on the high quality of our talented and diverse workforce and that the long-term success of the Group is dependent on the quality, skill, dedication and motivation of our people. By supporting our people we continue to help them grow and develop to ensure that they have the best skills to perform their job and to develop long-term aspirations and goals with us. Keeping our people inspired remains one of our highest priorities. Accordingly we are focused on creating an environment where performance is rewarded, people are respected for their contribution, diversity and inclusion is encouraged and where integrity is upheld in all aspects of our work. The Group remains committed to recruiting, retaining and developing the highest calibre employees to maximise business growth and performance and is committed to equal opportunity for all employees and job applicants free of discrimination.

The Company also recognises the need to provide varying working practices to support both the needs of the Company and that of the employee to maintain a successful work-life balance. In support of this the Company operates a flexible working policy.

We support our employees through training and on-going investment and seek to ensure that employees are informed on matters affecting their employment and business developments in the Group through management briefings and newsletters, the Group's web site, the Group's intranet resource and by the distribution of Preliminary and Interim Announcements and press releases. Copies of the Annual Report and Accounts are also made available to the operating business and this communication process enables employees to gain an understanding of the Group's objectives and their roles in achieving them.

To enable personal development, employees are encouraged to participate in training and development programmes and to obtain professional qualifications relevant to their roles through the Group's training programmes. The Group has broadened its management development and graduate recruitment programme which focuses on recruiting talented graduates, developing skills and experience and producing potential future managers.

We operate in a competitive marketplace and the Board recognises the importance of rewarding employees appropriately for the value they bring to the business and aims to offer rewards that attract and retain key talent. In addition, the Company encourages employees to share in its success through share ownership and annually invites employees to participate in its share schemes. At 31 December 2015, 290 employees were participants of the James Fisher Savings Related Share Option Scheme (2014: 287).

Equal opportunities and diversity

The Company is committed to equal opportunity and it is our policy to ensure that all employees and potential employees are treated fairly regardless of their race, religious or political beliefs, gender, age, marital status, sexual orientation or disability. We aim to ensure that people from any background or gender have equal access to employment, training and career progression opportunities. We strive to select individuals on merit and do not consider that targets or quotas are appropriate.

The Board recognises that by having a diverse workforce the Group is better placed to meet the differing requirements of our global customer base. A strategy is in place to identify current and/or future potential successors to senior management roles throughout the Group and gender diversity is encouraged by the Board.

Set out below is a breakdown of the average number of persons by gender and category throughout the Group:

	2015		2014	
	Male	**Female**	Male	Female
Main Board Directors	**6**	**1**	6	1
Senior Managers	**41**	**9**	37	9
Employees	**2,151**	**539**	2,007	434

All of our employees are treated with respect and dignity and harassment of any kind is not tolerated. It is our policy and practice to give full and fair consideration to applications for employment by disabled people. If an employee became disabled during the course of their employment, wherever practicable, the Group would make every effort to ensure that arrangements and adjustments are made to continue their employment and arrange appropriate training for that employee.

Health and safety

The Group is fully committed to delivering the highest standards of safety to its employees and to contractors and visitors to the Group's premises. We continue to strive towards our ultimate aim of having no accidents or injuries and we promote a proactive safety culture across the Group that ensures continuous improvement. We have a strong focus on employee training, regulatory compliance and accident reduction all of which are monitored and reported on across the Group. The Chief Executive Officer has overall responsibility for health and safety and the review of health and safety performance is high on the agenda at each Board and business board meeting and remains a top priority for our Group. In accordance with our decentralised management approach, accountability is with local management to comply with local laws and regulations and specific needs.

Nick Henry chairs the Group Health and Safety Committee (GHSC), which meets on a quarterly basis to discuss all health and safety issues including incidents, mitigating actions and training requirements. The GHSC ensures that recordable safety incidents are reported to the Board and each Group operating company is maintaining high standards of health and safety in its business. Through the GHSC, the Group shares best practice and following any health and safety incidents, including near misses, appropriate corrective action is taken to mitigate the risk of their recurrence.

The Group's principal operating companies maintain internationally recognised Occupational Health and Safety Management Systems accredited to OHSAS 18001 and management systems which are accredited to the international quality standard ISO 19001. The Group has adopted the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) in the reporting of recordable incidents.

A reportable incident under RIDDOR is a work-related injury which results in a person's incapacitation for more than seven days. The number of reportable incidents across the Group in 2015 was 5 (2014: 4). The Group also records lost time accidents (LTA's) to monitor performance and trends. An LTA is where a worker is incapacitated for three or more consecutive days, not including the day of incident. In 2015 the Group incurred 5 LTA's (2014: 3).

The Group also monitors its overall RIDDOR reportable frequency rate defined as the number of LTA's per one hundred thousand hours of work. In 2015, the Group's RIDDOR reportable frequency rate was 0.1 (2014: 0.1).

Environmental

The Group is committed to operating its businesses in an environmentally responsible manner, recognises that its operations have an impact on the environment and is committed to working within the appropriate regulatory framework to minimise the environmental impacts of its operations, so far as reasonably practicable.

The majority of our principal operating companies are ISO 14001 compliant. This internationally recognised environmental management system enables a systematic approach to handling environmental issues within an organisation.

Energy consumption was measured across the Group by recording data on the combustion of fuel and the use of electricity at its facilities. The Group's total greenhouse gas emissions (GHG) are set out below. Emissions from the combustion of bunkers on our Tankships business amounted to 93% of the Group's total emissions (2014: 94%). However one 4,000 metric ton vessel can carry 150 times the volume of fuel transported by a single road tanker, which significantly reduces congestion and emissions to air.

Emissions total (in thousands of metric tons)

	2015	2014
CO_2 equivalent from electricity consumption in facilities	**2.7**	2.8
CO_2 from combustion of fuel at facilities and road vehicles	**2.6**	1.6
CO_2 from combustion of fuel in vessels	**65.0**	73.9
Total emissions (CO_2)	**70.3**	78.4

The Group's carbon intensity ratio calculated against Group revenue is 0.02% (2014: 0.02%). In 2015 the increase in combustion of fuel was attributable to businesses acquired during this year. The Group's aim is to reduce our GHG emissions, where possible. To help do so we have identifiable series of actions to help reduce carbon intensive activities, including monitoring and reducing energy consumption, actively improving energy efficiency and avoiding unnecessary travel. Our Tankships division operates a Ship Energy Efficiency Management Plan to regulate shipping energy efficiency and to control our marine GHG emissions.

Waste management and recycling of materials, where practicable, is encouraged across the Group and in an effort to reduce our carbon emissions from travelling to and from company meetings, the use of video conferencing facilities is actively encouraged throughout the Group.

Human rights

James Fisher is committed to supporting and respecting human rights in our workplaces and the communities in which we operate across our international business. We have implemented everyday work practices and policies throughout the Group which are designed to ensure that respect for human rights is integrated into the systems and culture of our business. We do not tolerate the use of child or forced labour within our business and take all steps possible to ensure that our suppliers also uphold all internationally recognised human rights.

Business ethics and anti-bribery and corruption policies

As a Group we aim to act responsibly and ethically in all of our business dealings. Through our ethics policy we aim to instil the highest standards of business behaviour across the Group and focuses on embedding a culture of ethical compliance, so that all of our employees understand the standards of ethical business practices that are expected from them. As well as protecting the reputation of the Group and safeguarding the investment of our shareholders, the business ethics policy aims to protect the interests of every employee by ensuring legal and regulatory compliance as well as promoting responsible behaviour across the Group.

The Group has an established anti-bribery and corruption policy and has introduced an extensive compliance programme which has full support of the Board and from senior management. The programme includes communication of the statement and policy, training, risk assessment, monitoring and review processes. Employees assessed to be at risk are required to complete the training and to self-certify that they understand and agree to be bound by its provisions.

On-going compliance is monitored by local compliance officers who are required to report to their local boards and to the Group Compliance Officer on at least a biannual basis. The compliance officers are responsible for ensuring that risk assessments, training and awareness are up to date and are required to monitor, record and report agency arrangements with third parties.

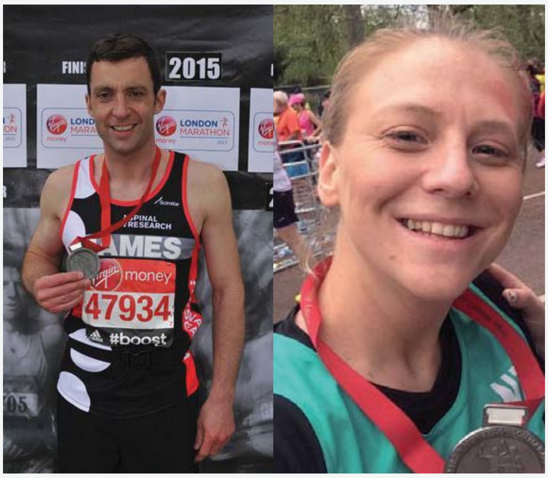
Customers

All of our customers are important to us and the Group aims to provide superior customer service through value added solutions combined with high quality products. High class customer service and product and service innovation are critical elements in helping customers to find solutions and to be successful. We appreciate that every customer has different needs and expectations and we have developed long lasting relationships with customers over many years and have followed a customer-led strategy to expand into the fast growing international markets. We are proud to be a trusted partner of major corporations, government agencies and customers around the world and understand that continued commitment to our existing and future customers is fundamental to our success. Accordingly, we strive to work hard to understand our customers' needs, and to continue delivering client satisfaction.

Suppliers

The Group requires its businesses to develop their own strong, long-term relationships with suppliers based upon best practice, legal requirements and Group policies and procedures. Group companies promote social responsibility, trade compliance and anti-corruption within their own suppliers base. Key suppliers are vetted to ensure that they adhere to all relevant laws, our polices and our codes of conduct and where appropriate operate recognised international quality, health and safety and management systems.

London Marathon runners raise money for great causes



Two James Fisher employees completed this year's London Marathon, raising funds for charitable causes. James Martin, business development manager at Fendercare who completed in 4 hours and 36 minutes, raised money for spinal research, and Nicola Morrow, finance manager at JF Testing Services, completed in 5 hours, 26 minutes and raised money for the Children's Cancer and Leukaemia charity.

Communities

The Group continues to encourage its businesses to support local communities within their operational areas and during the year employees throughout the Group have given their time and money undertaking a wide range of charitable giving and fund raising activities. Charitable causes and groups supported by Group companies and employees in 2015 included : Scarborough Engineering Fair; the Children's Cancer and Leukemia Group; St Thomas Moore School for special needs, Newcastle; Hebburn Juniors football club for partially disabled children; the University of Strathclyde; Cash for Kids; Macmillan Cancer and Run Garioch.

The Sir John Fisher Foundation (SJFF) is a charitable trust established in 1979 by Sir John and Lady Fisher and supports causes throughout the UK, but with special regard to those based in and working for the benefit of people living in and around Barrow-in-Furness and the surrounding area. The Trustees of SJFF retain a significant shareholding in the Company and support charitable causes in relation to maritime, medical and disability, education, music, arts and community projects. In 2015 the Foundation made commitments to charitable causes of £1.7m (2014: £1.5m).

Structural Safety of Small Vessels

In 2015 SJFF supported an important maritime training programme being developed at Loughborough University encouraging the more widespread use of techniques to determine the structural safety of smaller vessels put to sea. There are many small vessels at sea whose hull and superstructure are critically compromised and yet the owner or operator is unaware of the potential danger. On 16 May 2014 the UK registered yacht Cheeki-Rafiki on passage from Antigua to the UK was lost approximately 720 miles off the coast of Nova Scotia. The keel of the vessel detached and the yacht capsized so quickly that the crew were immediately ejected and they have not been found.

Professor Tyrer of the Department of Mechanical and Manufacturing Engineering, working with the Royal National Lifeboat Institution (RNLI), has developed an optical method for non-destructive testing of all marine composite vessels. The technique uses a laser-based video strain imaging system which can identify the location of any defect within the hull and superstructure construction. This technique has ensured that no composite vessel of the RNLI has been compromised or been unavailable for full-service over the last 20 years.

The Foundation donated £73,000 to purchase the necessary equipment to launch a teaching course specifically aimed at UK marine engineers and technicians, to inform them of these methods and techniques which can be used to validate new vessels and audit damaged vessels, such that areas of repair can be identified and validated once suitable repairs have been undertaken.

Loughborough's testing technique, when taught and adopted industry-wide, will implement the key findings from the Marine Accident Investigation Branch's report into the Cheeki-Rafiki incident and help save lives at sea.

Board of Directors

Chairman

Charles Rice
Chairman of the Board and Nominations Committee +

Appointed: Joined the Board in April 2004 and was appointed as Non-Executive Chairman on 1 August 2012.

Skills and experience: Charles has wide experience in commercial shipping having held a number of commercial and operational roles with Overseas Containers Limited. During the 1990s he was responsible for the development of P&O's Trans European logistics and services division and was appointed as a main board Director of The Peninsular and Oriental Steam Navigation Company (P&O) in 2001.

External appointments: Following a number of other directorships, Charles is currently Chairman of the Transport Research Foundation.

Executive Directors

Nick Henry
Chief Executive Officer

Appointed: Joined James Fisher in February 2003 as Managing Director of James Fisher Tankships Limited and was appointed Chief Executive Officer in December 2004.

Skills and experience: Nick worked for 20 years for P&O Containers and P&O Ports, of which 10 years were in senior management positions based in Singapore, Hong Kong, Australia, Netherlands and the Indian Sub-Continent. Nick's experience encompasses a wide range of commercial and operational roles, including fleet management and information technology.

External appointments: Member of the Supervisory Board of the UK Chamber of Shipping.

Stuart Kilpatrick
Group Finance Director

Appointed: Joined the Group in July 2010 and was appointed to the Board as Group Finance Director in December 2010.

Skills and experience: Stuart is a member of the Institute of Chartered Accountants of England and Wales and qualified with BDO Binder Hamlyn. Stuart was formerly Group Finance Director of Empresaria Group plc, and he previously held senior finance roles with Vodafone Group plc, Charles Baynes plc and Elementis Group plc.

External appointments: None

Non-Executive Directors

Malcolm Paul
Senior Non-Executive Director and Chairman of the Audit and Remuneration Committees *#+

Appointed: Joined the Board in February 2011.

Skills and experience: Malcolm is a fellow of the Institute of Chartered Accountants in England and Wales and was a founder and former Finance Director of WSP Group plc between 1987 and 2009. Prior to that Malcolm was a principal at the corporate finance boutique Financial Decisions and an equity partner at Longcrofts, Chartered Accountants.

External appointments: Chairman of Anthesis Consulting Group, a private equity backed international company.

Aedamar Comiskey
Non-Executive Director *#+

Appointed: Joined the Board in November 2014.

Skills and experience: Aedamar has been a partner at Linklaters LLP since 2001 and is a member of the firm's International Board. Aedamar specialises in international and domestic mergers and acquisitions, joint ventures and fundraisings and is very involved in expanding Linklaters' business in Latin America. Before joining Linklaters, Aedamar worked for two years as a consultant with Accenture in Dublin, Chicago and Belfast.

External appointments: None

David Moorhouse CBE
Non-Executive Director *#+

Appointed: Joined the Board in August 2013.

Skills and experience: David was formerly Executive Chairman of Lloyds Register and earlier in his career, CEO of John Brown plc, a director of Trafalgar House plc and Executive Vice President of Kvaerner where he had particular responsibility for their engineering and process businesses.

External appointments: Chairman of Braemer Shipping plc; Non-Executive Director of OAO Sovcomflot; Life member of the UK's Foundation for Science and Technology.

Michael Salter
Non-Executive Director *#+

Appointed: Joined the Board in August 2013.

Skills and experience: Michael was formerly Chief Operating Officer at Abbot Group plc and earlier in his career, CEO of Smedvig Limited and General Manager of Bawden Drilling UK Ltd.

External appointments: Non-Executive Director of SAR Gruppen AS; Director of ASV Pioneer Limited.

** Audit Committee # Remuneration Committee + Nominations Committee*

Introduction from the Chairman

I am pleased to present the Corporate Governance report on behalf of the Board. This report together with the Audit Committee and Directors' remuneration reports are intended to give shareholders a clear and meaningful explanation of how the Board and its Committees discharge their corporate governance duties and how the principles of good governance as set out in the UK Corporate Governance Code 2014 (Code[1]) have been applied throughout the Group.

Our statement of compliance with the main principles of the Code is set out below. The Board is committed to good corporate governance and considers it essential in assisting the business to deliver its strategy and overall objectives including safeguarding shareholders' long-term interests.

I would encourage all shareholders to attend our Annual General Meeting (AGM) on 28 April 2016 as it provides an excellent opportunity to meet the Executive and Non-Executive Directors.

Charles Rice
Chairman

1 March 2016

Statement of compliance

The Board is accountable to shareholders for maintaining high standards of corporate governance and for ensuring that values and behaviours are consistent across the Group. The Board confirms that, without exception, the Company complied with all relevant provisions of the Code throughout the year ended 31 December 2015 and from that date up to the date of this report.

Leadership

Role of the Board

The Board is the principal decision making forum for the Company. The Board is responsible for the long-term success of the Company and for its leadership, strategic direction, control and management.

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate, clearly distinct and the division of their responsibilities is set out in writing and approved by the Board. The Chairman's role is to lead the Board and ensure the Board operates effectively in all aspects. The Board considers that Charles Rice, up to the date of his appointment as Chairman, was independent for the purposes of the Code.

The Chief Executive Officer's role is to have the day to day responsibility of running the Group including leadership of senior management in executing the Company's strategy and managing the operational requirements of the Group's businesses. The Board has considered and is satisfied that the roles of Chairman and Chief Executive Officer operate effectively.

Non-Executive Directors

The Board considers the Non-Executive Directors combine broad business and commercial experience to bring independent and objective judgement to bear and to challenge constructively the Executive Directors on issues of strategy, performance, resource and standards of conduct. The balance between Non-Executive and Executive Directors enables the Board to provide clear and effective leadership and maintain the highest standards of integrity across the Group's business activities.

Each Non-Executive Director is expected to commit sufficient time to allow for attendance at Board and Committee meetings and for keeping in touch with the senior management team, shareholders and other stakeholders. Malcolm Paul, the Senior Independent Director, also acts as a sounding board for the Chairman and an intermediary for Non-Executive Directors where necessary.

The Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters and to ensure that Board procedures are followed and applicable rules and regulations are complied with. The Company Secretary also advises the Directors on any important changes in legislation, regulation and best practice. In addition, all Directors have access to independent professional advice as necessary.

1 A copy of the Code can be found at the Financial Reporting Council's (FRC) web site *frc.org.uk*

Board Committees

The Board has delegated certain responsibilities to the following committees:

- Remuneration Committee;
- Nomination Committee; and
- Audit Committee.

Each Committee has formal written terms of reference which are reviewed annually. Further detail on each of these Committees is provided on pages 28 and 29. The terms of reference are renewed annually and available on the Company's website.

In addition to the formal Committees, the Board has appointed an Executive Committee consisting of the Chairman and the Executive Directors, which has written terms of reference and reports to the Board. The Board also appoints from time to time sub-committees consisting of at least two Directors in order to finalise and approve those matters that have been approved in principle by the Board.

Operation of the Board

Subject to the Company's Articles, the Executive Committee is empowered to take such actions as considered necessary relating to the affairs of the Company in the normal course of business and of a routine nature, subject to such limits as the Board in its discretion determines. The Executive Committee reports into the Board via the Chairman. The Executive Directors meet with the Chairman at least monthly. The Executive Directors also meet at least monthly with the Group's central senior executive team and also meet with the managing directors of the principal businesses on at least a quarterly basis to deal with operational issues, review risks and to develop and implement strategy.

The Board has adopted a formal schedule of matters detailing key aspects of the Company's affairs which are deemed significant enough to be reserved for only the Board to approve, including:

- strategy and management;
- corporate governance;
- oversight of the Group's operations to ensure competent management, sound planning, adequate accounting and records and compliance with statutory and regulatory obligations;
- annual operating plan and capital expenditure;
- review of financial performance in light of the Group's strategy, short-term and medium-term objectives, business budgets;
- major corporate transactions;
- material contracts;
- assessment of the principal risks facing the Group and how they are being managed;
- the Group's systems of internal control and risk management;
- approval of the Viability Statement;
- all new bank facilities or significant changes to existing facilities;
- key policies; and
- approval of the Group and Company financial statements.

The schedule is reviewed annually and approved by the Board.

All Directors participate in discussing strategy, performance and financial and risk management of the Company. Strategy, acquisition and disposal of businesses and major capital investments are agreed between the Chairman, the Chief Executive Officer and Group Finance Director prior to review and approval by the Board. Meetings of the Board are structured to allow open discussion and as scheduled, the Board met six times in 2015. Directors' attendance at the Board and Committee meetings convened in the year is shown in the table on page 29.

To enable the Board to discharge its duties, the Chairman ensures that all Directors receive accurate, timely and clear information on all relevant matters in advance of the Board meetings, including comprehensive financial and business reports covering the Group's principal activities. The Non-Executive Directors regularly visit major business centres of the Group in order to enhance their knowledge including in relation to the services and products offered, which in turn acts to strengthen their contribution to Board debate.

During the year, the Board has considered a wide range of matters including corporate governance, Group strategy, forecasts and long-term objectives, acquisitions, financing, taxation, risk management, internal controls, the Group's principal risks, management and succession planning and Board composition.

Board Effectiveness

Size, composition and independence of the Board

There are currently seven Directors on the Board comprising the Non-Executive Chairman, the Chief Executive Officer, the Group Finance Director and four other Non-Executive Directors. The names and biographical details of the members of the Board are set out on page 24. More than half the Board, excluding the Chairman, are Non-Executive Directors, and the Board is satisfied that all of these were independent throughout the year.

During the year, Charles Rice met with the Non-Executive Directors without the Executive Directors present on more than one occasion and Malcolm Paul, the Senior Independent Director, met with the other Non-Executive Directors without the Chairman present on more than one occasion.

The Board functions effectively and efficiently and is considered to be of an appropriate size in view of the scale of the Company and the diversity of its businesses. The Board considers that each Director demonstrates the knowledge, ability and experience required to perform the functions of a director of the listed company and is of the calibre necessary to support and develop the Company's long-term strategy and success. The Board further considers that each Director is able to devote sufficient time to the Company's business and that no individual or small group of individuals dominates the Board's decision making.

Training and induction

On appointment, new Directors are given a detailed induction to the Group's business, together with an on-going programme of visits to the Group's major sites and meetings with senior management. On-going training and development for Directors is available as appropriate and is reviewed annually.

Board evaluation

At the end of each year, the Board undertakes an annual evaluation of its own performance and that of the Remuneration, Nominations and Audit Committees and of each individual Director. The performance evaluations are designed to assist the Board in identifying strengths and weaknesses and areas for further improving performance.

The Board engaged Advanced Boardroom Excellence Limited (ABEL), an independent entity with no connection to the Company, to facilitate the 2015 annual review of performance of the Board and its Committees against the framework of Board effectiveness produced by the FRC. ABEL interviewed all of the Directors and the Company Secretary and reviewed Board papers, including documents from the Board's Committees. The anonymity of all respondents was ensured throughout the process in order to encourage an open and frank exchange of views. The results were analysed by ABEL and discussed with the Chairman, finalised and presented to the Board.

The review concluded that the Board works well as a unit and has a good mix of business experience to ensure that issues are examined from a broad range of perspectives. The documentation reviewed by the Board reflects a good level of governance and process relative to the size of the James Fisher Group.

The annual review of individual Directors performance was conducted internally. The Chairman's performance was reviewed by the other Non-Executive Directors led by the Senior Independent Non-Executive Director and taking into account the views of the Executive Directors. The performance of the Executive Directors was reviewed by the Non-Executive Directors with the Chairman in attendance. The Chairman and the Executive Directors reviewed the performance of each of the other Non-Executive Directors. The Board considers that each Director continues to contribute and demonstrate commitment to the role.

Accountability

Financial and business reporting

The Board considers that the Annual Report and Accounts taken as a whole, present a fair, balanced and understandable assessment of the Group and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. In making this assessment, the Board took into account its own knowledge of the Group, the markets in which the Group operates, its strategy and performance in the year, a detailed review of the content of the Annual Report and Accounts and other periodic financial statements and announcements, together with the recommendation of the Audit Committee.

The going concern assessment and the viability statement are set out on pages 49 and 50.

Risk management and internal controls

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives and for ensuring that the Company maintains sound risk management and internal control procedures.

On behalf of the Board, the Audit Committee monitors the Group's risk management and internal control process and reviews its effectiveness on an on-going basis. This is part of an established process, in accordance with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published in September 2014, for the identification, evaluation and management of the significant risks facing the Group, which operates and is reviewed continually throughout the year. The Group's internal control systems are designed to provide the Board with reasonable assurance as to the effective and efficient operation of the Group and to ensure the quality of internal and external reporting and compliance with all applicable laws and regulations. However, there are inherent limitations in any system of internal control and accordingly even the most effective system can provide only reasonable and not absolute assurance. The Board has taken appropriate action to remedy any significant control failings as referred to in the Audit Committee report on page 32.

The Board has carried out a robust assessment of the principal risks facing the Group including those that would threaten its business model, future performance, solvency or liquidity. Details of those principal risks and the Group's approach to mitigating them are set out on pages 10 and 11 in the Strategic report.

Whistleblowing policy

As part of its internal control procedures, the Group has a whistleblowing policy which encourages employees to report in good faith any genuine suspicions of fraud, bribery or malpractice in order to identify any problems within the Group at an early stage. The policy is designed to ensure that any employee who raises a genuine concern is protected. Any concerns can be raised in the first instance with the Company Secretary in confidence.

Anti-bribery and corruption

The Board is committed to ensuring the highest standards in all of the Group's business dealings and condemns corruption in all its forms. The Group has a formal anti-bribery and corruption statement and policy and does not tolerate or condone corruption or bribery in any of the Group's business dealings. This policy has been implemented throughout the Group and is supported by a group-wide training and awareness programme and regular compliance reviews. This policy is reviewed annually by the Board and is available on the Group's website.

Relations with shareholders

The Company communicates with shareholders through the Annual Report and Accounts, Half Yearly Report, preliminary announcements, interim management statements, investor days and the Company web site. The Board takes the opportunity at the AGM to meet and communicate with private and institutional shareholders and welcomes their involvement. In addition, the Company invites regular direct communication with its shareholders as part of the Company's investor relations programme.

Non-attributable feedback on the investor presentations given by the Company to shareholders is circulated to the Board. The Chairman periodically consults with major shareholders in order to develop a balanced understanding of any issues and concerns and the Senior Independent Director is available to attend meetings with major shareholders if requested. In addition if at any meetings of the Executive Directors with investors a governance or strategy matter is raised, it is relayed back to the Board.

The Board is therefore of the view that appropriate steps have been taken to ensure all Board members, in particular the Non-Executive Directors, develop an understanding of the views of the major shareholders.

Remuneration Committee

The Remuneration Committee reports to the Board and its members are appointed by the Board. The Committee members are Malcolm Paul, Aedamar Comiskey, David Moorhouse and Michael Salter. The Committee is chaired by Malcolm Paul. The Committee is formally constituted with written terms of reference. In summary, the Committee's terms of reference include:

- To determine and agree with the Board the remuneration policy for Executive Directors and other senior executives;
- To review the appropriateness and relevance of the Group's remuneration policy; and
- To ensure that the provisions of the Code are fulfilled.

The Chairman attends the Committee's meetings by invitation and is not present when his own terms and conditions are discussed. During the year the Committee had three scheduled meetings. The work of the Committee including the chairman's overview is described in the Directors' remuneration report on pages 33 to 45.

Nominations Committee

The Nominations Committee reports to the Board and its members are appointed by the Board. The Committee members are Charles Rice, Malcolm Paul, Aedamar Comiskey, David Moorhouse and Michael Salter. The Committee is chaired by Charles Rice. Aedamar Comiskey joined the Committee on 1 November 2015. The Committee is formally constituted with written terms of reference which include:

- To regularly review the structure, size and composition of the Board (including skills, knowledge, diversity and experience) and recommend changes;
- Succession planning for Directors and senior executives; and
- Identifying and nominating for approval to the Board, candidates to fill vacancies when they arise.

The Committee adopts a formal, rigorous and transparent procedure for the appointment of new Directors to the Board.

The Board recognises the importance of diversity and in light of the Davies' Review Steering Group's recommendation in October 2015, the Committee recommended and the Board agreed that a target be adopted that by 31 December 2018, at least two of seven Board members be female. The Committee had one scheduled meeting in 2015 and its work included reviewing the composition of the Board, succession planning and recommending to the Board the appointment of Aedamar Comiskey to the Nominations Committee.

Audit Committee

The Audit Committee assists the Board in its oversight and monitoring of financial reporting, risk management and internal controls. The Committee members are Malcolm Paul, Aedamar Comiskey, David Moorhouse and Michael Salter. The Committee is chaired by Malcolm Paul. The Audit Committee report on pages 30 to 32 describes in detail the Committee's role and activities.

Attendance at Board and Committee meetings

Directors' attendance at the Board and Committee meetings convened in the year was as follows:

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Number of Meetings	6	4	3	1
Charles Rice	6/6	–	–	1/1
Nick Henry	6/6	–	–	–
Stuart Kilpatrick	6/6	–	–	–
Malcolm Paul	6/6	4/4	3/3	1/1
Aedamar Comiskey	5/6	4/4	3/3	1/1
David Moorhouse	5/6	3/4	3/3	1/1
Michael Salter	6/6	4/4	3/3	1/1

I am pleased to introduce the report of the Audit Committee for the year ended 31 December 2015.

The Audit Committee assists the Board in discharging its responsibility for oversight and monitoring of financial reporting, risk management and internal control. As chairman of the Committee, it is my responsibility to ensure that the Committee fulfils its responsibilities in a rigorous and effective manner. The Committee's agenda is designed, in conjunction with the Board's, to ensure that all significant areas of risk are covered and to enable it to provide timely input to Board deliberations.

In line with the Code this report seeks to provide an insight into the matters considered by the Committee during the year and therefore to provide assurance to shareholders that the control environment of the Group is being properly supervised and monitored.

I am satisfied that the Committee is properly constituted with written terms of reference, which include all matters referred to in the Code and is provided with appropriate information to allow sufficient time for discussion and to ensure that all matters are considered fully. The Committee's terms of reference are available on our website.

Of particular importance is the requirement to ensure that the Group's financial reporting is fair, balanced and understandable. We therefore review all of the Group's financial reports before publication with this responsibility in mind and we are satisfied that they provide a fair, balanced and understandable assessment of the Group's position and performance.

Malcolm Paul
Chairman of the Audit Committee

Membership of the Committee

The Audit Committee is chaired by Malcolm Paul and consists exclusively of independent Non-Executive Directors. The Board is satisfied that Malcolm Paul, a Chartered Accountant, who was formerly Finance Director of a FTSE 250 company, has significant recent and relevant financial experience. The other members are David Moorhouse, Michael Salter and Aedamar Comiskey. Committee attendance is shown on page 29.

The Committee had three meetings during the year in February, August and November on dates scheduled to coincide with the financial reporting cycle and also met on one other occasion. The Group Chairman, Chief Executive Officer, Group Finance Director, the Company Secretary and senior members of the finance function attend by invitation together with representatives of the external auditor, including the reporting partner, and internal auditor.

At each scheduled meeting the Committee members have the opportunity to discuss matters privately with the external auditor and the internal auditor. In addition, the chairman of the Committee maintains regular contact with the external audit reporting partner to discuss matters related to the Group. Details of the Committee's specific responsibilities and how it exercises those responsibilities is set out in the remainder of this report. The Committee also formally reviews its own performance each year.

Main responsibilities

The Audit Committee's main duties and responsibilities include: monitor the integrity of the Group's financial statements and review and challenge to significant financial reporting judgements therein; review the Group's internal financial controls and the systems for risk management and internal control; monitor and review the effectiveness of the internal audit function; monitor the Company's policies for handling allegations from whistleblowers; assess the independence and objectivity of the external auditor, make recommendations to the Board for the external auditor's appointment, re-appointment and removal together and approve their remuneration, terms of engagement and provision of non-audit services.

Financial reporting

The Committee's primary responsibility in relation to the Group's financial reporting is to review and challenge where necessary, with both management and the external auditor, the appropriateness of the Group's half yearly and annual financial statements with particular focus on:

- whether suitable accounting policies have been adopted and properly applied;
- the clarity of disclosures, compliance with financial reporting standards and relevant financial and governance reporting requirements;
- whether management has made appropriate estimates and judgements in material areas or where there has been discussion with or issues raised by the external auditor;
- whether the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

To facilitate our financial reporting responsibility we receive reports from KPMG at three of the meetings. The first, in February, which contains the findings of KPMG's audit work, including comments on the draft Annual Report and Accounts. The August meeting considers a review by KPMG of the half year results and the November meeting receives the planning memorandum for the annual audit together with an indication of the proposed audit fee which is subject to subsequent agreement.

Integrity of financial reporting

We reviewed the integrity of the annual and half yearly financial statements of the Company. This included the review and discussion of papers prepared by management and took account of the views of the external auditor. The key areas reviewed in the current year are set out below.

Revenue recognition and construction contracts

Long-term (construction) contracts often span a period end and as a result judgements are made on the stage of completion of these contracts to fairly present revenue and profit recognition. The Group uses established and consistent accounting policies to account for construction contracts. The Committee received reports on a number of contracts and challenged the methodology by which revenue and profits had been recognised. Where appropriate, matters arising were discussed with the Group Finance Director and the Committee concluded that the financial statements recognised revenue in accordance with the Group's accounting policies.

Goodwill valuation

We considered the carrying value of goodwill and the impairment review which was based on the underlying assumptions in calculating the value of a cash generating unit. The key assumptions are the achievability of long-term forecasts and the discount rates applied to the forecast cash flows. As an area of audit focus, the Group Finance Director provided detailed reporting to the Committee including an assessment of the sensitivity analysis carried out.

Operations in overseas jurisdictions

The Group has operations in overseas jurisdictions particularly in emerging markets, sometimes in association with local shareholders. This potentially increases the level of financial and governance risk in the Group. The Committee receives regular updates on the operational and financial performance of these businesses together with the assessment of areas where specific judgements have been necessary. Where appropriate the Group seeks local professional advice on matters of legislation and tax and responds accordingly. During the year, the principal customer of one of the Group's overseas subsidiaries terminated its contract creating uncertainty around the timing and value of final settlement. The Committee reviewed management's estimate of the financial outcome in detail.

Acquisition accounting

The level of judgement involved in determining acquisition fair values and the valuation of acquired intangible assets is a potential risk to the Group. The Committee considered the fair value and accounting policy adjustments made to each acquisition and assessments in respect of contingent consideration provisions. These were discussed with the Group Finance Director and the external auditor separately and the Committee concluded that acquisitions had been accounted for in accordance with the Group's accounting policies.

The Committee was satisfied that each of the matters set out above was adequately addressed by the Executive Directors, appropriately tested and reviewed by the external auditor and that disclosures made in the half yearly and Annual Report and Accounts were appropriate.

Going concern

We reviewed the appropriateness of the going concern assumption in preparing the financial statements. We reviewed a paper prepared by management which considered the Group's internal budgets and forecasts of future performance, available financing facilities and facility headroom. Taking account of possible changes that may impact trading performance and other factors that might affect availability, the Group expects to maintain significant headroom under its borrowing facilities for the forthcoming year.

External audit

Performance

The Committee continually assesses the performance of the external auditor from the initial planning stage when they receive and discuss the audit plan and proposed strategy, approach, objectives, significant risk areas and other areas of focus, drawing on input from the Group's senior management, until conclusion of the audit. The Committee conducts annually a formal assessment of the external auditor's performance based on its own review and that of the Group's senior management. This process includes the use of questionnaires which focus on the quality and experience of the audit teams, the robustness of the audit process and the quality of communication and governance, including the independence of the audit firm. The results of the review are considered by the Committee and discussed with the auditor and senior management and reported to the Board.

For the 2015 audit, the Committee considered that the performance of the external auditor including their interaction with the Company, senior management and the Committee was good. The Committee also continues to consider KPMG to be independent and effective in their role as auditor. Accordingly, the Committee recommended to the Board that KPMG LLP should be re-appointed as auditor and a resolution to this effect will be put forward at the forthcoming AGM.

Audit appointment

KPMG has been the Company's auditor since 2008 during which time the audit has not been put out to tender. The Committee has considered the requirement of the Code to put the external audit to tender at least every ten years and the requirements of the Competition and Markets Commission and the potential implementation of the EU Audit Reform Regulation. As a result, it plans to complete a competitive tender for the audit services contract by 2017 at the latest. There are no contractual obligations that restrict the Committee's choice of external auditor.

Non-audit services

To safeguard the objectivity and independence of the external auditor, the Company has an established policy in respect of non-audit fee work that may be undertaken by the auditor. Whilst the Committee accepts that certain work of a non-audit nature is best undertaken by the auditor, it is a requirement that where fees exceed an agreed threshold, approval to use the auditor for such work must be given in advance by the Committee. In 2015, KPMG carried out corporate advisory work including due diligence reports on acquisitions and tax advisory work including tax advice on acquisitions, transfer pricing and research and development. Non-audit fees paid to KPMG represented 39% of the audit fee in 2015 and 28% of total fees paid.

Risk management and internal controls

The Board has overall responsibility for the Group's risk management and internal control systems. The Audit Committee is responsible for monitoring and reviewing the effectiveness of these systems and the Group's internal audit function. The Committee received reports throughout the year including from the Risk Committee and has reviewed the Group's systems of risk management and internal controls, including financial, operational and compliance controls, and is satisfied that the systems are sound and effective. Reports on internal control failings or whistleblowing complaints are referred to the Audit Committee for review. Two instances of internal control failure related to cyber security were reported in 2015 as a result of which controls were tightened and new procedures implemented. No material financial losses were incurred. There was one whistleblowing report in 2015 which was investigated, but no evidence to substantiate the allegation was found.

Internal audit

The Committee is responsible for reviewing the work of the internal audit function. Internal audit identify, report on and address key commercial and financial risk and control issues. The internal audit function is managed by an experienced professional and consists of peer group reviews, whereby a senior manager from the Group conducts an audit of a non-related area of the Group, and reviews by the internal audit function. These are in accordance with an annual programme approved by the Committee. The scope of each internal audit review is agreed by the Committee in consultation with the Executive Directors and the internal auditor in advance to try to ensure that key areas for each business are addressed.

In 2015 thirteen internal audits were undertaken, twelve in the UK and one overseas. The internal audit reports are presented to the Committee for review and shared with local and Group managers for review and action as appropriate, and also provided to the external auditor for information. The internal auditor is responsible to the Committee for ensuring that all required actions are completed in a timely manner.

The effectiveness of the Group's internal audit function is continually reviewed and a formal review is undertaken annually by the Board and the Committee. Following the final 2015 review, the Committee recommended and the Board concluded that the Group's internal audit process was appropriate and effective.

The responsibilities and processes for risk management are described in more detail on page 10.

Malcolm Paul
Chairman of the Audit Committee

1 March 2016

Annual statement

Introduction by Malcolm Paul, Chairman of the Remuneration Committee

On behalf of the Board, and the Remuneration Committee, which I chair, I am pleased to present the Directors' remuneration report for the year ended 31 December 2015.

Pay and performance in 2015

James Fisher continued to deliver sustainable returns in a challenging market in 2015 but had to report the first decline in profits for some years. The key performance measures for the 2015 financial year were as follows:

- Underlying profit before tax £41.2m (2014: £46.9m)
- Underlying diluted earnings per share 68.5p (2014: 74.0p)

Each year the performance of the Executive Directors is assessed against a range of financial and personal objectives which are aligned with the delivery of the Group's strategy and objectives. By incentivising and rewarding performance that delivers our objectives we ensure that pay is tied to performance and value delivered to shareholders.

The Executive Directors' potential maximum level of bonus in 2015 was 100% of base salary, with 70% based on meeting the Group's financial objectives and 30% based on individual achievement and personal objectives. The Group's financial targets for the year ended 31 December 2015 were not achieved and this element of bonus was not awarded. Personal objectives were partly met and a cash bonus award of 22.5% of base salary was approved for Nick Henry and for Stuart Kilpatrick. Awards under the LTIP granted in 2013 will vest in full on 6 April 2016, having achieved the maximum earnings per share performance target over the three year performance period ended 31 December 2015. Awards under the ESOS granted in April 2013, which are subject to relative total shareholder return (TSR) targets, are not expected to vest based on the calculations as at 31 December 2015.

2016 remuneration

Annual pay awards are determined on a country and sectoral basis, to ensure that pay levels in each subsidiary company are fair and appropriate to local market and industry conditions. In the UK, against a back-drop of near zero inflation levels, any pay increases made for 2016 have reflected conditions in each business sector as well as individual merit awards. Overall, UK salary increases are around 1% at an aggregate level. Against this background and reflecting the reduced profitability achieved in 2015, the Board has agreed that there will be no increase in the salaries and benefits of the Executive Directors in 2016 and no increase in the fees paid to the Chairman and other Non-Executive Directors.

Remuneration policy for 2016

The Company's remuneration policy was approved by shareholders at the AGM in April 2015 and the current intention is that it will apply until the 2018 AGM. Therefore, we will not be asking shareholders to vote on the policy at the 2016 AGM.

In summary, executive remuneration consists of a base salary, pension contribution, benefit provision and, subject to performance conditions, an annual bonus plan, part paid in cash and part deferred into shares, and shares awarded under an LTIP. Incentive pay is subject to clawback and malus provisions and, post-vesting, Executive Directors are required to retain the net of tax shares awarded until they have satisfied the Company's share ownership guidelines.

The Committee considers that the remuneration policy is appropriate and that it satisfies the Committee's objective to operate a remuneration structure which successfully promotes the long-term success of the Group and fully aligns the interests of the Executive Directors with those of our shareholders.

Shareholder feedback

The Company will continue to engage and communicate with shareholders regarding the Company's remuneration policy and to take suitable action when required. I hope you will join me in supporting the resolutions in respect of this year's Directors' remuneration report at the AGM on 28 April 2016.

Malcolm Paul
Chairman of the Remuneration Committee

1 March 2016

Remuneration policy report

Overview of Directors' remuneration policy

James Fisher and Sons plc operates in a competitive international environment. To continue to compete successfully, the Committee considers that it is essential that the level of remuneration and benefits achieves the objective of attracting, retaining, motivating and rewarding the necessary high calibre of individuals at all levels of the business. The Company therefore sets out to provide competitive remuneration to all of its employees, appropriate to the business environment in those countries in which it operates.

The remuneration strategy is designed not only to align with the Company's fundamental values of fairness, competitiveness and equity, but also to support the Company's corporate strategy, as a significant contributor to competitive advantage. A cohesive reward structure with a timely pay review process, consistently applied to all employees, with links to corporate performance is seen as critical in ensuring all employees can associate with, and are focused on, the attainment of the Company's strategic goals. Accordingly the remuneration package for the Executive Directors is normally reviewed annually. Where an Executive Director's responsibilities change during the course of a year, the Committee will consider whether a review is appropriate outside of the annual process.

Executive remuneration reviews are based upon the following principles:

- Total rewards should be set at appropriate levels to reflect the competitive market in which the Company operates, and to provide a fair and attractive remuneration package.
- Reward elements should be designed to reinforce the link between performance and reward. The majority of the total remuneration package should be linked to the achievement of appropriate performance targets.
- Executive Directors' incentives should be aligned with the interests of shareholders. This is achieved through setting performance targets to reward increase in shareholder value and through the Committee's policy to encourage shareholding by Executive Directors.

How the Executive Directors' remuneration policy relates to the wider Group

The remuneration policy set out within this report provides an overview of the structure that operates for the senior executives in the Group. Employees below executive level have a lower proportion of their total remuneration made up of incentive-based remuneration, with remuneration driven by market comparators and the impact of the role of the employee in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's earnings growth and share price performance. While the Remuneration Committee considers pay and conditions across the workforce when reviewing and setting the Executive Director remuneration policy, the Committee does not consult with employees on this matter at the current time.

How shareholders' views are taken into account

The Committee takes an active interest in shareholder views on our remuneration policy and is mindful of the views of shareholders and other stakeholders.

Directors' remuneration policy

The table below summarises the components of reward for Executive Directors of James Fisher and Sons plc that will govern the Company's intentions as regards future payments. The remuneration policy (Policy) set out in this report was approved by shareholders at the AGM held on 30 April 2015 and, it is intended that it will continue to apply until the 2018 AGM. Any commitments made by the Company prior to the approval and implementation of the Policy which were consistent with the policy in force at the time, can be honoured, even if they would not be consistent with the Policy prevailing when the commitment is fulfilled.

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
Base Salary	Designed to attract retain, motivate and reward the necessary high calibre of individuals to the Board.	Base salaries are a fixed annual sum normally effective 1 January and payable monthly in cash. Salaries are reviewed each year normally effective 1 January and recognising the individual's performance and experience, developments in the relevant employment market and having regard to the Group's performance as well as comparing each Executive Director's base salary to market data.	No prescribed maximum salary or salary increase. Salaries are set for each Executive Director within a range around the market median for similar positions in appropriate comparator companies. The Committee is also guided by the general increase for the employee population although increases may be higher or lower than this to recognise, for example, an increase in the scale, scope or responsibility of an individual.	Not applicable.
Pensions	To offer competitive retirement benefits.	Executive Directors are eligible to join the Group's defined contribution scheme, receive a company contribution into a personal pension scheme or be paid a cash supplement in lieu of pension.	Up to a maximum of 15% of base salary.	Not applicable.
Benefits	To offer competitive benefits.	Provision of a company car or cash alternative, life assurance and healthcare insurance. Other benefits may be provided where appropriate. These benefits do not form part of pensionable earnings.	No prescribed maximum.	Not applicable.
Annual bonus	To incentivise and reward the Executive Directors to deliver annual financial and operational targets.	Payable on the achievement of financial and personal objectives and non-pensionable. The first 70% of salary payable in cash. Bonus in excess of 70% of salary is subject to deferral into shares, normally for a period of 3 years. Dividend equivalent payments may be awarded (in cash or shares). The cash and deferred elements of bonuses are subject to provisions which enable the Committee to recover the cash paid (clawback) or to lapse the associated deferred shares (malus) in the event of: (i) misstatement of results for the financial year to which the bonus relates, or (ii) an error in determining the cash bonus or the number of shares comprising a deferred share award, within 3 years of the payment of the cash bonus, or (iii) gross misconduct.	Up to 100% of base salary.	Majority of the bonus potential is based on a financial target derived from the annual plan; Minority of the bonus potential is based on individual achievement and personal objectives.

Element	Purpose and link to strategy	Operation	Maximum	Performance targets
LTIP	To align the interests of the Executive Directors with the Group's long-term performance, strategy and the interests of shareholders.	Annual grant of share awards. Non-pensionable. Dividend equivalent payments may be awarded (in cash or shares). LTIP awards are subject to clawback or malus in the event of: (i) misstatement of results; or (ii) an error in determining the share award, or (iii) gross misconduct.	Up to 200% of base salary. Awards above 125% will be subject to stretch targets.	Sliding scale relative to EPS and/or TSR growth targets. 25% of an award vests at threshold increasing to 100% vesting at maximum.
Share ownership	To ensure alignment between the interests of Executive Directors and shareholders.	Executive Directors are required to retain half of the post-tax shares vesting under the LTIP until the guidelines are met.	200% of base salary for the Chief Executive Officer. 100% of base salary for other Executive Directors.	Not applicable.
Sharesave (previously SRSOS)	To encourage share ownership and align the interests of all-employees and shareholders.	An all-employee share plan.	As per prevailing HMRC limits.	Not applicable.
Non-Executive Directors	To provide fees to reflect the time commitment and responsibilities of each role in line with those provided by similarly sized companies.	Fixed annual fee, paid quarterly in cash reviewed annually; Committee determines the Chairman's fees. The Chairman and Executive Directors determine fees for the other Non-Executive Directors.	No prescribed maximum fee or fee increase although aggregate fees are limited by the Company's Articles of Association. The Board/Committee is guided by market rates, time commitments and responsibility levels.	Not applicable.

Notes:

(1) The choice of the performance metrics applicable to the annual bonus reflect the Committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of financial and personal objectives.

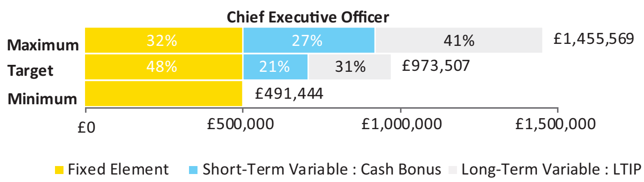
(2) TSR and EPS performance conditions are selected by the Remuneration Committee on the basis that they reward the delivery of long-term returns to shareholders and the Group's financial growth and are consistent with the Company's objective of delivering superior levels of long-term value to shareholders. The TSR performance condition is monitored by an independent advisor whilst EPS growth is derived from the audited financial statements.

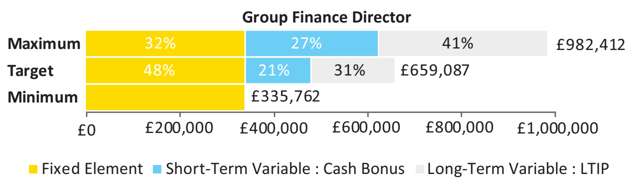
(3) The Committee operates its share plans in accordance with the plan rules and the Listing Rules and the Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of the plans (e.g. treatment of awards for leavers, change of control, adjustments to performance targets).

(4) Consistent with HMRC legislation, the all-employee arrangement does not have performance conditions.

(5) In approving the Directors' remuneration policy, authority was given to the Company to honour any past commitments entered into with current or former Directors including the vesting of share awards granted in the past.

Potential value of 2016 remuneration package for Executive Directors





In illustrating potential reward opportunities the following assumptions have been made:

(1) Minimum performance is based on fixed pay only (comprising basic salary and pension from 1 January 2016 and the estimated value of pension and benefits for 2016);

(2) Target performance is based on fixed pay plus 50% of the maximum values used for the Company's incentive arrangements;

(3) Maximum performance is based on: (a) a maximum annual bonus of 100% of base salary; and (b) an LTIP award of 125% of basic salary (presented at face value);

(4) No share price appreciation or dividend reinvestment has been assumed.

Approach to recruitment

New Executive Directors will be appointed on remuneration packages with the same structure and elements set out in the Directors' remuneration policy table. On-going incentive pay will be limited to:

- Maximum annual bonus of 100% of salary;
- Up to 200% of salary LTIP award; and
- Participation in the Sharesave.

For external appointments, the Committee may offer additional cash or share-based elements to replace deferred or incentive pay forfeited by an executive when leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions. Shareholders will be informed of any such payments as soon as practicable following the appointment.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms. In addition, any other on-going remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and incidental expenses as appropriate.

Loss of office

The Committee has considered remuneration for Executive Directors leaving the Company and is committed to applying a consistent and equitable approach to ensure the Company is equitable but pays no more than necessary. The loss of office policy is in line with market practice and will be dependent on whether deemed a 'good leaver' or 'bad leaver'. The 'good leaver' policy includes:

- payment in lieu of notice equal to one year's basic salary or, if termination is part way through the notice period, the amount of salary relating to any unexpired notice to the date of termination. There is an obligation on Directors to mitigate any loss which they may suffer if the Company terminates their service contract;
- bonus payments for the period worked may be made, subject to the original performance targets, at the discretion of the Committee. Any such payments would be made on the normal payment date;
- vesting of share scheme awards is not automatic and the Committee retains the discretion to prevent awards from lapsing depending on the circumstances of the departure and the best interests of the Company. Awards which do not lapse on cessation of employment may either vest at that time or on the normal vesting date. These awards will usually be subject to time pro-rating to reflect the unexpired portion of the performance period concerned. Awards that are subject to performance conditions will usually only vest to the extent that these conditions are satisfied; and
- Executive Directors will also be entitled to a payment in respect of accrued but untaken annual holiday entitlements on termination.

'Good leaver' reasons are death, injury, illness or disability, redundancy, retirement, transfer of business resulting in cessation of the individual's employment within the Group or change of control. No compensation is paid for summary dismissal, save for any statutory entitlements.

Service contracts

It is the Board's policy that Executive Directors are employed on contracts subject to no more than 12 months' notice from either side. The Board recognises however that it may be necessary in the case of new executive appointments to offer an initial longer notice period, which would subsequently reduce to 12 months after the expiry of the initial period. The service agreements do not have a fixed term. If it becomes necessary to consider termination of a service contract, the Committee will have regard to all the circumstances of the case, including mitigation, when determining any compensation to be paid. Details of the current service contracts are as follows:

	Contract Date	Notice Period
Nick Henry	1 December 2006	12 months
Stuart Kilpatrick	1 July 2010	12 months

The Executive Directors are permitted to serve as Non-Executive Directors of other companies, provided the appointment is first approved by the Remuneration and Nominations Committees. Directors are allowed to retain their fees from such appointments. During the period the Executive Directors held no such appointments.

Non-Executive Directors do not have service contracts but have a letter of appointment setting out their terms and conditions. Non-Executive Directors are appointed each year for up to 12 months and are entitled to one month's prior written notice of early termination for which no compensation is payable. Details of the letters are set out below:

	Date of appointment	Letter of appointment
Charles Rice	1 April 2004	1 January 2016
Malcolm Paul	1 February 2011	1 January 2016
Aedamar Comiskey	1 November 2014	1 January 2016
David Moorhouse	1 August 2013	1 January 2016
Michael Salter	1 August 2013	1 January 2016

Chairman

Fifty per cent of the fee paid to Charles Rice, net of deductions, is used to buy ordinary shares in the Company and these shares must be held throughout his period in office. The shares are purchased in accordance with a trading plan agreed with Investec Bank plc dated 7 March 2013.

Annual report on remuneration

Remuneration Committee

The Committee was chaired by Malcolm Paul during 2015. The Committee also comprised three other independent Non-Executive Directors: Aedamar Comiskey, David Moorhouse and Michael Salter.

The Committee members have no personal financial interest other than as shareholders, in the matters to be decided. They have no conflicts of interest arising from cross-directorships with the Executive Directors, nor from being involved in the day-to-day business of the Company.

The Committee operates under clear written terms of reference and confirms that its constitution and operation comply with the provisions of section of the 2014 UK Corporate Governance Code in relation to directors' remuneration policy and practice and that it has applied the Code throughout the year. The Committee's terms of reference include:

- to determine and agree with the Board the framework and policy for Executive Directors and senior managers;
- to review the appropriateness and relevance of the remuneration policy;
- to agree the measures and targets for any performance related bonus and share schemes of the Executive Directors;
- to determine within the terms of the policy the total individual remuneration package of the Executive Directors.

The Committee met three times during the year and details of attendance at Committee meetings are set out on page 29. During the year the Committee has considered the appropriateness and relevance of the remuneration policy, the Executive Directors' remuneration packages, including base salaries, the grant of share-based incentive awards, the vesting of share-based incentive awards subject to performance conditions being met and the amount and basis of performance related bonuses. Charles Rice also attended Committee meetings, when invited by the chairman of the Committee, and was consulted on matters relating to the Executive Directors who reported to him.

Advisers to the Remuneration Committee

New Bridge Street is the principal independent adviser to the Committee. During the year the Committee reviewed market information on Directors' remuneration published by New Bridge Street and a number of other sources and received advice from New Bridge Street on all matters under consideration by the Committee including remuneration, updates on best practice, legislative requirements and market practice. The Committee is satisfied that the advice provided on remuneration is objective and independent. New Bridge Street's fees for this work amounted to £21,250.

Implementation of the remuneration policy for 2016

Executive Directors

Executive Directors' remuneration for 2016 is as set out in the policy section. No base salary, benefit or pension increases have been awarded. The maximum bonus opportunity is 100% of base salary. The proposed financial target levels have been set to be challenging and appropriately demanding. The targets are commercially sensitive but it is envisaged that disclosure of the targets and performance against targets will be set out in the 2016 remuneration report.

Awards under the 2015 LTIP will be granted to the Executive Directors over shares worth up to 125% of base salary with 70% of the award based on EPS growth targets and 30% based on relative TSR targets. The performance period for the EPS element of the award will run for three years from 1 January 2016 and for the TSR element (measured against the constituents of the FTSE 250 excluding investment trusts), the performance period will be three years from the date of award.

Non-Executive Directors

There is no change to Non-Executive Directors' fees for 2016 which are as follows:

	2016 £	2015 £
Chairman	**231,650**	231,650
Other Non-Executive Director fees:		
Basic fee	**49,900**	49,900
Additional fee for Audit Committee Chairman	**10,000**	10,000
Additional fee for the Senior Independent Director and Chairman of Remuneration Committee	**5,000**	5,000

Information subject to audit

Total remuneration earned by the Executive Directors

	Nick Henry		Stuart Kilpatrick	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Base salary	**429**	410	**287**	275
Benefits	**14**	14	**11**	11
Pension	**49**	47	**37**	36
Bonus in cash	**97**	287	**65**	193
Short-term remuneration	**589**	758	**400**	515
LTIP – performance	**281**	211	**191**	141
LTIP – share appreciation	**37**	216	**25**	144
LTIP – total	**318**	427	**216**	285
ESOS	**–**	301	**–**	201
Total remuneration	**907**	1,486	**616**	1,001

Benefits

	2015			2014		
	Cash allowance in lieu of car £000	**Medical insurance £000**	**Total £000**	Cash allowance in lieu of car £000	Medical insurance £000	Total £000
Nick Henry	**13**	**1**	**14**	13	1	14
Stuart Kilpatrick	**10**	**1**	**11**	10	1	11
	23	**2**	**25**	23	2	25

Pensions

Pension contributions equivalent to up to 15% of base salary may be paid into personal pension plans, the Company pension scheme or taken as a separate cash allowance, subject to income tax.

	2015			2014		
	Paid as cash allowance £000	**Paid as pension contribution £000**	**Total £000**	Paid as cash allowance £000	Paid as pension contribution £000	Total £000
Nick Henry	**49**	**–**	**49**	47	–	47
Stuart Kilpatrick	**–**	**37**	**37**	–	36	36
	49	**37**	**86**	47	36	83

Annual bonus awards for 2015

The maximum annual bonus for Executive Directors was 100% of base salary, with 70% based on financial objectives and 30% based on individual achievement and personal objectives. Details of the actual performance against the targets are as follows:

(i) Financial objectives

Performance measure	Performance target	Assessment against targets
Adjusted profit before tax	Growth of 4% - 10%	Not achieved

(ii) Personal objectives

	Personal objectives
Nick Henry	– Set, communicate and lead key management priorities; – Deliver balanced growth via organic development and acquisitions; – Develop management structure including succession planning; – Monitor and manage Group risk profile; – Strengthen management training and graduate development programmes.
Stuart Kilpatrick	– Strengthen and improve quality of financial reporting; – Improve internal audit process and risk management; – Manage M&A process and due diligence; – Develop and maintain good relationships with banks, advisors and investors.

Alongside the headline objectives noted above, each executive is given specific objectives for the year. In 2015 these included: the timely restructuring of our Offshore Oil businesses; the merger of our subsea subsidiaries to form James Fisher Subsea Services; the merger of our Strainstall Monitoring and Testconsult businesses to form James Fisher Testing Services; certain management succession initiatives; improvement initiatives in Angola and other confidential items. Both Executive Directors were assessed to have performed well against these objectives however, in the light of the difficult market conditions and the impact that these have had on the Group, the Committee decided to award 75% of the personal objectives element of the bonus.

Vesting of 2013 LTIP awards

The LTIP values included in the table below relate to awards granted on 8 April 2013 which vest on 8 April 2016 dependent on EPS performance over the three year period ended 31 December 2015. Under the performance target which uses a sliding scale, one third of the award vests where growth of diluted earnings per share of RPI plus 9% is achieved over the three year performance period, to full vesting where growth of RPI plus 18% is achieved.

Performance target	Base EPS	EPS at 31 December 2015	EPS growth	Threshold RPI +9%	Maximum RPI +18%
Underlying diluted EPS	55.1	68.5	24.3%	14.4%	23.4%

As a result of meeting the above performance conditions, the gross value of LTIPs that will vest on 8 April 2016 are as follows:

	Share price at date of grant[3]	Share price at 31 December 2015[3]	Proportion vesting	Shares vested	Performance element[1] £000	Share appreciation element[2] £000	Total £000
Nick Henry	1,034p	1,168p	100%	27,205	281	37	318
Stuart Kilpatrick	1,034p	1,168p	100%	18,500	191	25	216

(1) The performance element represents the face value of awards that vested.
(2) The share appreciation element represents the value due to the change in share price from the date of award to 31 December 2015.
(3) The share price at grant is based on a ten day average immediately prior to the date of grant and the share price at 31 December 2015 is based on a three month average.

Lapse of 2013 ESOS awards

The ESOS awards granted on 9 April 2013, whereby vesting is based on three year relative TSR from grant as measured against the constituents of the FTSE 250 (excluding investment trusts) are expected to lapse on 9 April 2016 based on a calculation as at 31 December 2015 which showed below median performance.

Performance target	TSR at 31 December 2015	Median	Upper quartile	Vesting
TSR	35.6%	46.5%	89.7%	0%

The 2013 ESOS options that are expected to lapse on 9 April 2016 are as follows:

	Share price at date of grant[1]	Share price at 31 December 2015	Shares granted
Nick Henry	1,028p	1,168p	36,490
Stuart Kilpatrick	1,028p	1,168p	24,813

(1) The share price at grant is based on a three day average immediately prior to the date of grant.

Share awards granted in 2015

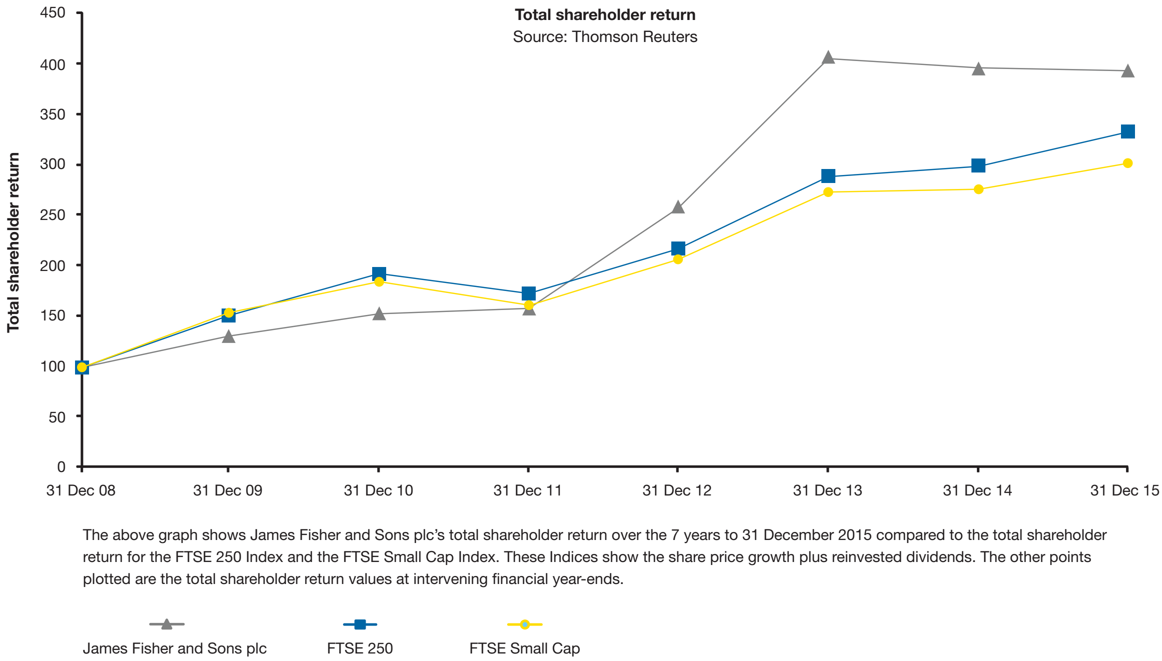
	Proportion of salary	Maximum shares awarded	Share price at grant	Exercise price at grant
LTIPs granted on 5 June 2015				
Nick Henry	125%	45,433	1,308p	–
Stuart Kilpatrick	125%	30,473	1,308p	–

Vesting of the 2015 LTIP award is subject to achievement of performance targets over a three year period with 70% of the award based on EPS targets and 30% based on TSR targets. EPS target performance is measured over the three year period ending on 31 December 2017. The EPS element of the award vests if EPS growth at least equals the RPI increase over the period plus 9%. At the threshold level, 25% of the EPS element of the award will vest. Full vesting is achieved if EPS growth is greater than or equal to 18% in excess of the RPI increase over the vesting period. The TSR element of the award is subject to the Company's TSR performance relative to the FTSE 250 index excluding investment trusts, over the three year period from 6 April 2015. If at the end of the period the Company ranks in the upper quartile, all of the TSR element of the award will vest. If the ranking is at median level, 25% of TSR element of the award will vest. No element of the TSR part of the award will vest for performance below the median. For intermediate ranking, a proportionate part of each award will vest reducing on a straight-line basis. Any part of the award that does not vest at the end of a performance period will lapse immediately.

Aligning pay with performance (unaudited)

The following graph shows the total shareholder return compared to the FTSE 250 and the FTSE Small Cap indices excluding investment trusts.

Growth in the value of £100 holding over seven years



The above graph shows James Fisher and Sons plc's total shareholder return over the 7 years to 31 December 2015 compared to the total shareholder return for the FTSE 250 Index and the FTSE Small Cap Index. These Indices show the share price growth plus reinvested dividends. The other points plotted are the total shareholder return values at intervening financial year-ends.

Remuneration of highest paid Executive Director compared with growth in underlying diluted earnings per share

	2015	2014	2013	2012	2011	2010	2009
Annual change in underlying diluted EPS (pence)	**(7)%**	13%	18%	15%	16%	13%	5%
Salary, pensions and benefits (£000)	**492**	471	439	355	399	381	380
Annual performance bonus (£000)	**97**	287	263	210	268	256	77
Short-term remuneration (£000)	**589**	758	702	565	667	637	457
Share schemes (£000)	**318**	728	691	781	534	124	90
CEO total remuneration (£000)	**907**	1,486	1,393	1,346	1,201	761	547
Actual bonus as a percentage of the maximum	**23%**	100%	100%	100%	100%	100%	30%
LTIP vesting as a percentage of the maximum	**100%**	100%	100%	100%	100%	100%	100%
ESOS vesting as a percentage of the maximum	**–**	100%	100%	100%	40%	–	60%

2009 – 2011 represent the remuneration of former Executive Chairman, Tim Harris. 2012 – 2015 represent Nick Henry's remuneration.

Change in CEO's pay compared to James Fisher employees

The table below shows the percentage year on year change in salary, benefits and annual bonus earned between the year ended 31 December 2014 and the year ended 31 December 2015 for the Chief Executive Officer compared to the average increase of the Group's UK employees. The Committee chose the Group's UK employees for pay comparison with the Chief Executive Officer as the most meaningful comparator group.

	Salary	Benefits (including pension)	Annual bonus
Chief Executive Officer	4.5%	3.0%	(66%)
Average increase for the Group's UK employees	3.0%	3.0%	–

Relative importance of remuneration (unaudited)

	2015 £m	2014 £m	Change £m
Total employee remuneration	110	111	(1)
Total dividends paid	11	10	1

Interests in shares

The interests of Directors and their connected persons in ordinary shares as at 31 December 2015, including any interests in share options and shares provisionally awarded under the LTIP, ESOS and Sharesave are as follows:

	Beneficial Number	LTIP Number	ESOS Number	Sharesave Number	Vested but unexercised share options ESOS Number	Exercised during the year Number
Charles Rice	22,016	–	–	–	–	–
Nick Henry	158,917	93,294	65,589	1,750	227,739	–
Stuart Kilpatrick	28,210	62,827	44,330	–	65,082	–
Malcolm Paul	5,000	–	–	–	–	–

Executive Directors' interest in options over shares

	At 31 December 2015 Number	Exercise price	Date from which exercisable	Expiry date
Nick Henry	29,615	468p	23.03.09	23.03.16
	17,647	596p	02.04.10	02.04.17
	26,314	354p	20.03.12	20.03.19
	56,753	410p	19.03.13	19.03.20
	49,105	522p	30.03.14	30.03.21
	48,305	567p	09.04.15	09.03.22
	1,750	602p	01.06.17	30.11.17
	36,490	1,028p	09.04.16	09.04.23
	29,099	1,049p	10.04.17	10.04.24
	295,078			
Stuart Kilpatrick	32,808	522p	30.03.14	30.03.21
	32,274	567p	09.03.15	09.03.22
	24,813	1,028p	09.04.16	09.04.23
	19,517	1,409p	10.04.17	10.04.24
	109,412			
Total	404,490			

All options relate to the 2005 ESOS scheme other than 1,750 share options held by Nick Henry under the Sharesave scheme. The 2005 ESOS expired in April 2015 and was not renewed. The last awards were made on 10 April 2014.

There were no options exercised during the year and therefore no gains made (2014: £112,382). The interest of the Directors' options over ordinary shares under the ESOS and Sharesave have not changed since the year end.

Executive Directors' interest in LTIP share awards

	1 January 2015 Number	Granted during year Number	Vesting during year Number	31 December 2015 Number	Vesting Date
Nick Henry	36,340	–	(36,340)	–	6 April 2015
	27,205	–	–	27,205	8 April 2016
	20,656	–	–	20,656	6 April 2017
	–	45,433	–	45,433	6 April 2018
	84,201	45,433	(36,340)	93,294	
Stuart Kilpatrick	24,280	–	(24,280)	–	6 April 2015
	18,500	–	–	18,500	8 April 2016
	13,854	–	–	13,854	6 April 2017
	–	30,473	–	30,473	6 April 2018
	56,634	30,473	(24,280)	62,827	
Total	140,835	75,906	(60,620)	156,121	

The scheme is unapproved for HM Revenue and Customs purposes. As at 1 March 2016, being the last practical date prior to the publication of this report, there were no changes to the Executive Directors' interest in LTIP share awards.

Sourcing of shares and dilution

The Remuneration Committee has regard to the limits on dilution advised by the Investment Association and contained in the relevant share plan rules and reviews the number of shares committed and headroom available under share incentive schemes in accordance with these dilution limits.

On vesting, the awards of shares under the LTIP are satisfied by the shares held by the James Fisher and Sons plc Employee Share Trust (Trust). During the year the Trust purchased 120,000 ordinary shares on the open market (2014: 150,000) and at 31 December 2015 the Trust held 148,275 (2014: 153,192) ordinary shares. During the year 65,118 shares were issued by the Company to satisfy obligations under the ESOS scheme.

Share price during the financial year

The middle market price of one ordinary share in the Company during the financial year ranged from 914p to 1,436p and at 31 December 2015 was 1,168p.

Non-Executive Directors' remuneration

		Total fees	
		2015 £000	2014 £000
Charles Rice		**232**	226
Malcolm Paul		**65**	61
Aedamar Comiskey	– appointed on 1 November 2014	**50**	8
Michael Everard	– retired 30 April 2014	**–**	16
David Moorhouse		**50**	48
Michael Salter		**50**	48

Shareholder voting

The Company is committed to on-going shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the Company seeks to understand the reasons for any such vote and will report any actions in response to it. The following table sets out actual voting in respect of our 2014 Directors' remuneration report at the 2015 AGM:

Resolution	Votes for	% for	Votes against	% against	Total votes cast	Votes withheld (abstentions)
To approve the remuneration policy report	38,714,064	98.3	660,835	1.7	39,374,899	794,861
To approve the Directors' remuneration report	39,107,208	99.2	309,151	0.8	39,416,359	753,401

Malcolm Paul
Chairman of the Remuneration Committee

1 March 2016

James Fisher and Sons plc is a public limited company registered in England with the registered number 211475 and has its registered office is at Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR. The Annual Report and Accounts have been drawn up and presented in accordance with UK Company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

Principal activities, development and performance

The Strategic report on pages 1 to 23 includes a description and review of the Group's activities and provides an indication of the likely future trends and factors that might affect the Group's development and performance. The report also details the principal risks facing the Company and the Group's approach to mitigating such risks.

The Strategic report together with Board of Directors, Corporate governance report, the Audit Committee report and the Directors' remuneration report all form part of the Directors' report. The Directors' report and Strategic report comprises the 'management report' for the purposes of the Financial Services Authority's Disclosure and Transparency Rules.

Annual General Meeting

The Annual General Meeting (AGM) of the Company will be held at 11.00 am on 28 April 2016 at the Abbey House Hotel, Abbey Road, Barrow-in-Furness, Cumbria, LA13 0PA. The Notice of AGM is set out on pages 99 to 104.

Substantial shareholders

At 23 February 2016 the Company had been notified of the following interests of 3% or more of the voting rights in its issued share capital:

	Ordinary Shares		Preference Shares	
Shareholder	Number	%	Number	%
Rowland Frederick Hart Jackson (non-beneficial)	8,803,093	17.55	–	–
Schroder Investment Management	5,106,592	10.18	–	–
Therapia Investments Limited	3,632,220	7.24	100,000	100.00
Aberdeen Asset Management Limited	3,332,352	6.64	–	–
Montanaro Investment Managers	2,447,600	4.88	–	–
Baillie Gifford & Co Limited	2,023,534	4.03	–	–
	25,345,391	50.52	100,000	100.00
Total number of shares in issue	50,164,133	100.00	100,000	100.00

Results and dividends

The Group's profit after tax for the financial year was £40.7m (2014: £40.5m). The results are shown fully in the consolidated financial statements on pages 55 to 58 and summarised in the Financial review on pages 8 and 9. The Directors recommend a final dividend of 16.0p per share (2014: 14.9p) making a total dividend of 23.8p per share for the year (2014: 22.0p). If approved, the final dividend will be paid on 6 May 2016 to ordinary shareholders who are on the register on 8 April 2016.

Post balance sheet events

There have been no post balance sheet events since 31 December 2015.

Share capital

The structure and details of the Company's share capital are set out in note 19 on page 71.

Ordinary shares

The Company's issued ordinary shares are fully paid and rank equally in all respects. Subject to rights attaching to existing shares, any share may be issued with such rights or restrictions as the Company may by advisory resolution determine, or if the Company has not so determined, as the Directors may determine. In addition to those rights conferred by law the holders of ordinary shares of 25p each are entitled to receive dividends when declared, the Company's Reports and Accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. These rights and obligations are set out in the Company's Articles of Association (Articles). Other than those specific provisions set out in the Articles, there are no restrictions on the transfer of ordinary shares in the Company or on the exercise of voting rights attached to them except that:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- pursuant to the Listing Rules of the Financial Services Authority, whereby certain employees of the Company require the approval of the Company to deal in the Company's shares.

Preference shares

The 3.5% cumulative preference shares of £1 each carry a fixed cumulative dividend of 3.5% per annum, payable in priority to any dividend on the ordinary shares and payable half yearly in arrears on 30 June and 31 December. The preference shares carry one vote for every £1 in nominal amount. On a winding up of the Company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, repayment of the capital paid up on such shares plus any accrued dividend.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights.

Shares held by the Employee Share Trust

As at 31 December 2015, the James Fisher and Sons plc Employee Share Trust, held 148,275 ordinary shares (2014: 153,192) of the Company in trust against future Company obligations for share incentive schemes referred to in this report. During the year, the Trust purchased 120,000 ordinary shares on the open market (2014: 150,000). The rights attaching to these shares are controlled by independent trustees, who may take into account any recommendation by the Company.

Powers of Directors

The powers of the Directors are determined by the Company's Articles, the Companies Act 2006 and the directions given by the Company in general meeting. The Directors are authorised to issue and allot ordinary shares, to dis-apply statutory pre-emption rights and to make market purchases of the Company's shares. The Directors will be seeking to renew the authorities granted to them in prior years at the forthcoming AGM. Any shares purchased may be cancelled or held as treasury shares.

Purchase of own shares

At the AGM held on 30 April 2015, the Company was given authority to purchase up to 2,504,951 of its ordinary shares until the date of its next AGM. No purchases were made during the year by the Company.

Directors

The biographical details together with their skills and experience of our Directors who served on the Board for the financial year ended 31 December 2015 are set out on page 24.

Directors' interests

The beneficial interests of the Directors' in the share capital of the Company are:

	Holdings of ordinary shares of 25p each	
	At 31 December 2015 Number	At 31 December 2014 Number
Charles Rice	22,016	16,781
Nick Henry	158,917	139,657
Stuart Kilpatrick	28,210	15,289
Malcolm Paul	5,000	5,000

(1) Between 31 December 2015 and 1 March 2016, there were no changes to the Directors' shareholdings;

(2) No Director has an interest in the preference shares of the Company, or in the shares of any subsidiary or associated undertaking.

Appointment, retirement and re-election of Directors

A Director may be appointed by an ordinary resolution of shareholders in general meeting following nomination by the Board or a member (or members) entitled to vote at such meeting, or following retirement by rotation if the Director chooses to seek re-election at a general meeting. In addition, the Directors may appoint a Director to fill a vacancy or as an additional Director, provided that the individual retires or at the next AGM. A Director may be removed by the Company in certain circumstances set out in the Articles (for example bankruptcy or resignation), or by an ordinary resolution of the Company in general meeting. Our Articles provide that any Director who has held office for more than three years since his last appointment must offer himself or herself up for re-election at the AGM and at least one-third of the Board is subject to re-election at each AGM. However, having regard to the recommendation contained in the Code that all Directors should be subject to annual election by shareholders, all of our Directors will retire at the 2015 AGM and stand for re-election.

Directors' and officers' liability insurance

The Company maintains directors' and officers' liability insurance for the Directors and officers of the Company and its subsidiaries and, to the extent permitted by section 236 of the Companies Act 2006, the Directors' may be granted indemnity by the Company pursuant to the Company's Articles. Copies of the Company's Articles may be obtained from the Company Secretary and are available for inspection at the Company's registered office during normal business hours.

Directors' conflict of interest

Under the Companies Act 2006, a director must avoid a situation where a direct or indirect conflict of interest may occur. The Board has adopted established procedures to address the management of any potential and actual conflicts of interest.

Stuart Kilpatrick, Group Finance Director, is a trustee of the Group's Shore Staff Pension Scheme. This role could give rise to a situation where there is a conflict of interest and after due consideration, the Board approved him to act as a trustee. Were a conflict to arise, Stuart Kilpatrick is required to excuse himself from participating in the relevant trustee discussion and decision making process.

Additional information for shareholders

The Articles may only be amended by a special resolution at a general meeting of the shareholders.

Employment of people with disabilities

People with disabilities are given full and fair consideration, having regard to their particular aptitudes and abilities, when applying for vacancies. In addition to complying with legislative requirements, the Group strives to ensure that disabled employees are treated fairly and that their training, career development and promotion needs are met. For those employees who become disabled during the course of their employment, the Group will provide support, whether through re-training or re-deployment, so that they will continue to be employed, wherever practicable, in the same job, or if this is not practicable, every effort will be made to find suitable alternative employment.

Employment policies

The Chief Executive Officer is the Board member responsible for employee matters and he is assisted by the Group Head of Human Resources. The Group values the diverse backgrounds of all its people and works to create an open atmosphere of trust, honesty and respect. Harassment or discrimination, including that involving race, colour, religion, gender, age, disability, sexual orientation or any other similarly protected status, is not acceptable. The Group is committed to providing equal employment opportunities for all of its people and all job applicants based on abilities of the employee and the needs of the business Group-wide. It is Group policy to comply with all applicable laws governing employment practices and not to discriminate on the basis of any unlawful criteria. Employment arrangements are intended to be fair, equitable and consistent with the skills and abilities of the employee and the needs of the business. The Group also actively encourages the training of its employees through participation in industry training schemes. Additionally, both in-house and external training is provided for staff. The Group's diversity policy is reviewed annually and approved by the Board and is available on the Company's website.

Employee involvement

Developing and maintaining employee engagement with the Company is important. The Group communicates with its employees on matters of concern to them as employees and on the financial and economic factors affecting the performance of the Company principally through regular presentations by senior management and by means of publication of a Company newsletter. Where decisions are being made which are likely to affect employees interests, such employees or their representatives are consulted so that their views can be taken into account. The Group also operates a number of option schemes and long-term incentive plans to encourage employees to participate in the ownership of the Company.

Significant agreements – change of control

The Company is a guarantor of all of the Group's bilateral bank facilities which upon a change of control could be withdrawn.

The Singapore Submarine Rescue Service Agreement made between James Fisher Singapore PTE Ltd. and First Response Marine PTE Ltd. dated 17 October 2008 may terminate upon a change of control of the Company or James Fisher Singapore PTE Ltd.

The rules of the Company's LTIP, ESOS and Sharesave schemes set out the consequences of a change of control on the rights of participants under those schemes. Participants are generally able to exercise their options on a change of control, provided that the relevant performance conditions have been satisfied.

Except as provided above, the Company is not party to any agreements which take effect, alter or terminate in the event of a change of control of the Company. Furthermore there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that arise in the event of a change of control of the Company.

Financial instruments, research and development, overseas branches

Information on the Group's financial risk management objectives and policies, including its exposure to price risk, credit risk, liquidity risk and cash flow risk can be found in note 27. The Group is committed to continue investing in research and development. Details of the Group's expenditure on research and development is set out in notes 4 and 13. The Group does not have any overseas branch offices.

Information required by UK listing rule 9.8.4

There are no disclosures to be made under listing rule 9.8.4.

Going concern

The Group's business activities, together with the factors likely to affect its future development, the financial position of the Group and a description of the principal risks and uncertainties are set out in the Strategic report on pages 1 to 23. The Group's primary sources of funding are bilateral facilities with a small core group of banks. These bilateral facilities totalled £185.0m at 31 December 2015 (2014: £162.5m). A £20.0m facility expired in January 2016 and the remaining facilities fall due for renewal over the next 5 years. Compliance with banking covenants is tested half yearly for the ratio of net debt: EBITDA, interest cover and fixed charge cover. No breaches in covenants occurred during the year.

The Group meets its day to day working capital requirements through operating cash flows, with borrowings in place to fund acquisitions and capital expenditure. The Group had £67.4m (2014: £81.4m) of undrawn committed facilities as at 31 December 2015. The Group's forecasts and projections, taking account of reasonable changes in trading performance, confirm that the Group should be able to operate within the level of its current banking facilities.

The Group uses cash flow forecasts derived from budgets, forecasts and medium-term planning to identify headroom under the covenant tests. After making enquiries and having evaluated the on-going trading of the businesses, the Directors have reasonable expectation that the Group has adequate resources to continue to operate for a period considered to be at least 12 months from the date of this report. Accordingly, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the Annual Report and Accounts.

Viability statement

The Directors confirm that they have a reasonable expectation that the Group will be able to continue to operate and to meet its liabilities, as they fall due, for the three years ending 31 December 2018.

The assessment period has been chosen because it is consistent with the Group's planning process whereby the Board reviews the Group's strategy and its detailed three year plan. This is reviewed and considered in light of the Group's current position and prospects together with factors that might affect the three year plan. The Board carefully assesses the performance and prospects of each business regarding entering new markets and geographies, current and expected growth rates, prospective new projects and the timing of such projects and the robustness of individual business performance.

The Group three year plan overlays a number of assumptions and sensitivities which are reviewed by the Board; this includes a review of whether additional bank facilities will be required and available in the plan period.

The review also considers the principal risks facing the Group as set out on page 11 and the potential impact on its business model, future performance, solvency and liquidity over the period. The potential consequence of the fall in world oil prices, global economic uncertainty and the Group's ability to mitigate the impact of any of these risks was a particular focus in 2015.

The Directors have also taken account of the diverse markets and geographies in which the Group's businesses operate, and their ability to react quickly to change, to help minimise the effect of the key risks effecting the Group.

Auditor

Each Director in office at the date of approval of this Directors' report confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

A resolution for the re-appointment of KPMG LLP as auditor of the Company will be proposed at the forthcoming AGM.

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements each financial year 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 they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

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 Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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.

Under applicable law and regulations, the Directors are also responsible for preparing the Strategic report, Directors' report, Directors' remuneration report and Corporate governance report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement in respect of the Annual Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report which comprises the Strategic report and the Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

N P Henry
Chief Executive Officer

S C Kilpatrick
Group Finance Director

On behalf of the Board of Directors

1 March 2016

To the members of James Fisher and Sons plc only

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of James Fisher and Sons plc for the year ended 31 December 2015 set out on pages 55 to 95. 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 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were consistent with the prior year and as follows:

Operating in overseas jurisdictions with uncertain legislation

Refer to page 31 (Audit Committee report)

- The risk: The Group is multinational and is developing its operations in a number of emerging markets. Operating in these territories presents increased contractual, operational and financial risks due to the need to comply with potentially uncertain regulatory and legislative environments, including legislation relating to tax. Breaches of compliance or inappropriate assumptions over provisioning for the uncertain legislation could have a significant effect on the results and financial position of the Group and is one of the judgemental areas our audit is focused on. Also during the year the principal customer of one of the Group's overseas subsidiaries terminated its contract thereby creating uncertainty around the timing and value of settlement.
- Our response: Our audit procedures included using our own local specialists where appropriate to analyse and challenge the assumptions used to determine provisions for legal and tax matters based on their knowledge and experience of local regulations and practices. We considered the exposure to breaches of legislation by making appropriate enquiry of the Group in relation to compliance with laws and regulations and the existence and status of any significant legal matters. We also inspected the compliance logs and reports returned by overseas locations to identify actual and potential noncompliance with laws and regulations, both those specific to the Group's business and those relating to the conduct of the business generally. Where significant matters were identified we obtained confirmations from the Group's legal counsel. We inspected correspondence, where available, with the local tax authorities and using our experience of local practices and court interpretations we assessed the assumptions made by the Group in arriving at any potential tax provision and terms of relevant contracts where there are material local indirect taxes. In relation to the termination we have reviewed the contract with the customer to determine the Group's contractual rights, assessed the Group's estimate of the likely financial outcome, considered the associated disclosures in the financial statements and also inspected external legal advice provided to the Group.

Accounting for acquisitions

Refer to page 31 (Audit Committee report), page 89 (accounting policies) and page 78 (financial disclosures)

- The risk: The Group has assessed the fair value of assets and liabilities acquired and estimated the fair value of contingent consideration payable. Certain balances can be determined based on estimates and assumptions about the future performance of the acquired businesses. As there is a significant level of judgement involved in estimating the fair value of the intangible assets and contingent consideration, we consider this to be a significant audit risk. There is also risk that the Group has not appropriately re-measured the provisional acquisition accounting notably in respect of contingent considerations payable on acquisitions made.
- Our response: We challenged the assumptions and methodologies used by the Group to derive the fair value of intangible assets. We consulted with our valuation specialists to assist us in considering the approach taken by the Group, assessed key assumptions and obtained corroborative evidence for the explanations provided by comparing key assumptions to market data, underlying accounting records, past performance of the acquired business, our past experience of similar transactions and the Group's forecasts supporting the acquisitions. We also considered the adequacy of the disclosure of the fair value of acquired intangible assets. In addition we assessed whether trade and assets acquired in a transaction constituted a business in accordance with the definition in IFRS 3, Business Combinations. With respect to contingent consideration our work was focused on the forecast results of businesses acquired, which is the basis on which the estimate of contingent consideration is determined. The assumptions underlying those forecasts were compared with historical trading performance, results since the acquisition date, the order book at year end and the Group's planned development of the businesses. We also assessed the Group's recalculation of contingent consideration payable and the adequacy of the Group's disclosures in relation to contingent consideration.

Goodwill £140.4m (2014: £114.4m)

Refer to page 31 (Audit Committee report), page 89 (accounting policy) and page 66 (financial disclosures)

- The risk: There is a risk of irrecoverability of the Group's goodwill balance due to varying levels of demand in certain markets. An impairment assessment of goodwill is carried out annually by the Group by assessing the value in use of Group's of cash generating units (CGUs) which requires significant assumptions about future developments. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, this is one of the key judgemental areas that our audit concentrated on.
- Our response: In this area our audit procedures included testing the Group's budgeting procedures and the principles and integrity of the Group's discounted cash flow model. This included comparison of the key assumptions to external data as well as our own assessments in relation to key inputs such as revenue growth, gross margin assumptions, cost inflation and long-term growth rates based on our knowledge of the industry. We considered the historical accuracy of the Group's growth assumptions and used external data and our own valuation specialists when assessing the discount rate applied. We compared the Group's market capitalisation to the valuation derived from the forecasts used in the impairment calculations to assess their reasonableness. We further critically assessed the sensitivities applied by the Group. We also assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflects the risks inherent in the valuation of goodwill.

Revenue £437.9m (2014: £444.8m)

Refer to page 31 (Audit Committee report), page 89 (accounting policy) and page 62 (financial disclosures)

- The risk: Where services rendered are provided through long-term contracts and are not completed at the balance sheet date, revenue is recognised in proportion to the stage of completion of the transaction measured by reference to the proportion of total expected costs incurred. The level of total expected costs to be incurred on each contract is estimated by the Group and includes certain judgements as contracts may run over a number of accounting periods and include forecasts in relation to future costs including labour and materials which are not yet contractually agreed. Some contracts for services allow for certain costs to be recharged to customers which requires a level of judgement to be applied as to the eligibility of such costs.
- Our response: Our audit procedures included testing the Group's internal controls over revenue. We inspected the terms of significant sales contracts to assess whether they were consistent with the detailed calculations being considered. When assessing the stage of completion on contracts we agreed amounts recognised to confirmatory evidence on a sample basis. This included the agreement of actual costs incurred to invoice and the assessment of any judgements applied in the projection of total contract costs through consideration of the Group's historical experience of costs on similar contracts. For individually significant contracts we formed our own view of the nature and level of eligible recharges and compared this to the Group's assessment. We also considered the adequacy of the Group's revenue disclosures including the accounting policy.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £2.0m (2014: £2.2m), determined with reference to a benchmark of Group profit before tax of £46.2m (2014: £49.2m), of which it represents 4.3% (2014: 4.5%).

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.1m (2014: £0.1m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 124 (2014: 107) reporting components, we subjected 46 (2014: 51) to audits for Group reporting purposes.

We conducted reviews of financial information (including enquiry) at a further 16 (2014: 30) non-significant components on the basis of other qualitative and quantitative factors based on our audit judgement. These components were not individually financially significant enough to require an audit for Group reporting purposes; however, they were covered in our audit scope in order to provide further coverage over the Group's results.

The components within the scope of our work accounted for the following percentages of the Group's results:

	Number of components	Group revenue	Group profit before tax	Group total assets
Audits for Group reporting purposes	**46** (2014: 51)	**85%** (2014: 90%)	**84%** (2014: 87%)	**86%** (2014: 87%)
Reviews of financial information (including enquiry)	**16** (2014: 30)	**9%** (2014: 8%)	**10%** (2014: 7%)	**7%** (2014: 9%)
Total	**62** (2014: 81)	**94%** (2014: 98%)	**94%** (2014: 94%)	**93%** (2014: 96%)

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from £0.1m to £0.5m (2014: £0.2m to £1.0m), having regard to the mix of size and risk profile of the Group across the components. The work on 29 (2014: 48) of the 62 (2014: 81) components was performed by component auditors and the rest by the Group audit team.

Telephone conferences were held with these component auditors at the locations which were not audited directly by the Group audit team. At these meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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; and
- the information given in the Corporate governance report set out on page 28 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

5 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' statement of viability on page 50, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group's continuing in operation over the 3 years to 31 December 2018; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the Audit Committee report does not appropriately address matters communicated by us to the Audit Committee.

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

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

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 50, in relation to going concern and longer-term viability; and
- the part of the Corporate governance report on page 25 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' responsibilities statement set out on pages 50 and 51, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

David Bills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square
Manchester
M2 3AE

2 March 2016

Consolidated income statement

for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 Before separately disclosed items £000	Year ended 31 December 2015 Separately disclosed items £000	Year ended 31 December 2015 Total £000	Year ended 31 December 2014 Before separately disclosed items £000	Year ended 31 December 2014 Separately disclosed items £000	Year ended 31 December 2014 Total £000
Group revenue	4	437,930	-	437,930	444,799	-	444,799
Cost of sales		(307,208)	-	(307,208)	(307,290)	-	(307,290)
Gross profit		130,722	-	130,722	137,509	-	137,509
Administrative expenses		(85,219)	-	(85,219)	(86,158)	-	(86,158)
Share of post tax results of joint ventures	15	87	-	87	186	-	186
Acquisition related income and (expense)	5	-	5,926	5,926	-	2,381	2,381
Operating profit	4	45,590	5,926	51,516	51,537	2,381	53,918
Loss on sale of business	5	-	(959)	(959)	-	-	-
Net finance expense	7	(4,343)	-	(4,343)	(4,684)	-	(4,684)
Profit before taxation		41,247	4,967	46,214	46,853	2,381	49,234
Income tax	8	(5,903)	396	(5,507)	(8,994)	243	(8,751)
Profit for the year		35,344	5,363	40,707	37,859	2,624	40,483
Attributable to:							
Owners of the Company		34,522	5,363	39,885	37,447	2,624	40,071
Non-controlling interests		822	-	822	412	-	412
		35,344	5,363	40,707	37,859	2,624	40,483
Earnings per share				pence			pence
Basic	10			79.7			80.2
Diluted	10			79.2			79.2

Consolidated statement of other comprehensive income

for the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Profit for the year		40,707	40,483
Items that will not be classified to the income statement			
Remeasurement loss on defined benefit pension schemes	22	(8,596)	(2,126)
Actuarial gain in defined benefit pension schemes	22	813	-
Deferred tax on items that will not be reclassified		1,635	316
		(6,148)	(1,810)
Items that may be reclassified to the income statement			
Exchange differences on foreign currency net investments		(4,587)	(4,372)
Effective portion of changes in fair value of cash flow hedges	27	836	(2,367)
Effective portion of changes in fair value of cash flow hedges in joint ventures	15	354	(133)
Net changes in fair value of cash flow hedges transferred to income statement		77	(35)
Deferred tax on items that may be reclassified	8	(220)	450
		(3,540)	(6,457)
Other comprehensive income for the year, net of income tax		(9,688)	(8,267)
Total comprehensive income for the year		31,019	32,216
Attributable to:			
Owners of the Company		30,067	31,761
Non-controlling interests		952	455
		31,019	32,216

Consolidated and Company statement of financial position

at 31 December 2015

	Notes	Group		Company	
		31 December 2015 £000	31 December 2014 £000	**31 December 2015 £000**	31 December 2014 £000
Non-current assets					
Goodwill	12	**140,414**	114,378	**-**	-
Other intangible assets	13	**16,041**	12,752	**-**	-
Property, plant and equipment	14	**127,594**	116,629	**6,333**	6,320
Investment in joint ventures	15	**6,250**	9,147	**-**	-
Investments in subsidiaries	15	**-**	-	**302,594**	278,000
Available for sale financial assets	16	**1,478**	1,478	**1,368**	1,368
Deferred tax assets	9	**3,189**	2,694	**4,277**	5,207
		294,966	257,078	**314,572**	290,895
Current assets					
Inventories	17	**47,436**	40,656	**-**	-
Trade and other receivables	18	**141,734**	117,644	**8,252**	4,673
Corporate tax receivable		**-**	-	**-**	3,123
Derivative financial instruments	27	**2**	49	**2**	49
Cash and short-term deposits		**22,962**	17,719	**7,629**	402
		212,134	176,068	**15,883**	8,247
Total assets		**507,100**	433,146	**330,455**	299,142
Equity and liabilities					
Capital and reserves					
Called up share capital	19	**12,541**	12,525	**12,541**	12,525
Share premium		**25,525**	25,238	**25,525**	25,238
Treasury shares		**(1,613)**	(1,988)	**(1,613)**	(1,988)
Other reserves	20	**(11,354)**	(7,684)	**(2,290)**	(3,043)
Retained earnings		**192,908**	174,663	**143,254**	120,948
Equity attributable to owners of the Company		**218,007**	202,754	**177,417**	153,680
Non-controlling interests		**2,388**	1,436	**-**	-
Total equity		**220,395**	204,190	**177,417**	153,680
Non-current liabilities					
Other liabilities	21	**8,728**	9,585	**-**	-
Retirement benefit obligations	22	**26,956**	21,806	**19,090**	19,133
Cumulative preference shares	19	**100**	100	**100**	100
Loans and borrowings	25	**116,645**	79,899	**116,550**	79,865
Deferred tax liabilities	9	**153**	545	**-**	-
		152,582	111,935	**135,740**	99,098
Current liabilities					
Trade and other payables	21	**125,381**	105,991	**12,633**	20,079
Current tax		**7,190**	8,635	**336**	-
Derivative financial instruments	27	**1,446**	2,341	**1,448**	2,341
Loans and borrowings	25	**106**	54	**2,881**	23,944
		134,123	117,021	**17,298**	46,364
Total liabilities		**286,705**	228,956	**153,038**	145,462
Total equity and liabilities		**507,100**	433,146	**330,455**	299,142

These accounts were approved by the Board of Directors on 1 March 2016 and signed on its behalf by:

N P Henry
Chief Executive Officer

Company number 211475

Consolidated and Company cash flow statement

for the year ended 31 December 2015

	Notes	Group		Company	
		31 December 2015 £000	31 December 2014 £000	**31 December 2015 £000**	31 December 2014 £000
Profit before tax		**46,214**	49,234	**39,388**	30,250
Adjustments to reconcile profit before tax to net cash flows					
Depreciation and amortisation		**24,442**	22,069	**850**	744
Acquisition costs charged		**1,355**	700	**-**	-
Profit on sale of property, plant and equipment		**(417)**	(1,101)	**-**	-
Loss on sale of business		**959**	-	**-**	-
Adjustment to provision for contingent consideration		**(8,491)**	(4,100)	**-**	-
Net finance expense		**4,343**	4,684	**692**	464
Share of post tax results of joint ventures		**(87)**	(186)	**-**	-
Share based compensation		**214**	1,226	**(45)**	838
Increase in trade and other receivables		**(19,911)**	(17,525)	**(1,193)**	(2,164)
(Increase)/decrease in inventories		**(6,073)**	7,092	**-**	-
Increase/(decrease) in trade and other payables		**3,095**	(1,422)	**(7,684)**	3,426
Defined benefit pension cash contributions less service cost		**(3,494)**	(4,676)	**(2,316)**	(2,466)
Cash generated from operations		**42,149**	55,995	**29,692**	31,092
Cash outflow from acquisition costs		**(1,325)**	(700)	**-**	-
Income tax (payments)/receipts		**(8,828)**	(5,610)	**2,661**	1,565
Cash flow from operating activities		**31,996**	49,685	**32,353**	32,657
Investing activities					
Dividends from joint venture undertakings		**1,089**	641	**-**	-
Proceeds from the sale of property, plant and equipment		**2,120**	5,841	**-**	-
Finance income		**236**	197	**3,197**	3,453
Acquisition of subsidiaries, net of cash acquired	24	**(25,933)**	(11,337)	**(2,351)**	-
Proceeds from the sale of business		**88**	-	**-**	-
Acquisition of property, plant and equipment		**(19,597)**	(32,184)	**(863)**	(866)
Development expenditure		**(2,704)**	(2,233)	**-**	-
Cash flows used in investing activities		**(44,701)**	(39,075)	**32,336**	35,244
Financing activities					
Proceeds from the issue of share capital		**303**	-	**303**	-
Finance costs		**(3,603)**	(3,694)	**(3,413)**	(4,337)
Net loans advanced to subsidiaries		**-**	-	**(21,984)**	(29,347)
Purchase of own shares by Employee Share Ownership Trust		**(2,590)**	(2,936)	**(4,036)**	(2,936)
Capital element of finance lease repayments	26	**(102)**	(546)	**-**	-
Proceeds from other non-current borrowings	26	**35,807**	1,720	**15,423**	8,992
Dividends paid		**(11,364)**	(10,331)	**(11,364)**	(10,331)
Cash flows from financing activities		**18,451**	(15,787)	**(25,071)**	(37,959)
Net increase/(decrease) in cash and cash equivalents	26	**5,745**	(5,177)	**7,265**	(2,715)
Cash and cash equivalents at 1 January		**17,719**	23,982	**402**	2,846
Net foreign exchange differences		**(502)**	(1,086)	**(38)**	271
Cash and cash equivalents at 31 December		**22,962**	17,719	**7,629**	402

Consolidated statement of changes in equity

for the year ended 31 December 2015

	Capital		Attributable to equity holders of parent					
	Share capital £000	Share premium £000	Retained earnings £000	Other reserves £000	Treasury shares £000	Total shareholders equity £000	Non-controlling interests £000	Total equity £000
At 1 January 2014	12,525	25,238	147,716	(1,183)	(1,392)	182,904	903	183,807
Total comprehensive income for the year	-	-	38,261	(6,501)	-	31,760	456	32,216
Contributions by and distributions to owners:								
Ordinary dividends paid	-	-	(10,331)	-	-	(10,331)	-	(10,331)
Share based compensation	-	-	1,226	-	-	1,226	-	1,226
Tax effect of share based compensation	-	-	131	-	-	131	-	131
Acquired with subsidiaries	-	-	-	-	-	-	77	77
Purchase of shares by ESOT	-	-	-	-	(3,366)	(3,366)	-	(3,366)
Sale of shares by ESOT	-	-	-	-	430	430	-	430
	-	-	(8,974)	-	(2,936)	(11,910)	77	(11,833)
Transfer on disposal of shares	-	-	(2,340)	-	2,340	-	-	-
At 31 December 2014	12,525	25,238	174,663	(7,684)	(1,988)	202,754	1,436	204,190
Total comprehensive income for the year	**-**	**-**	**33,737**	**(3,670)**	**-**	**30,067**	**952**	**31,019**
Contributions by and distributions to owners:								
Ordinary dividends paid	**-**	**-**	**(11,364)**	**-**	**-**	**(11,364)**	**-**	**(11,364)**
Share based compensation	**-**	**-**	**214**	**-**	**-**	**214**	**-**	**214**
Tax effect of share based compensation	**-**	**-**	**70**	**-**	**-**	**70**	**-**	**70**
Purchase of shares by ESOT	**-**	**-**	**-**	**-**	**(4,220)**	**(4,220)**	**-**	**(4,220)**
Sale of shares by ESOT	**-**	**-**	**-**	**-**	**183**	**183**	**-**	**183**
Arising on the issue of shares	**16**	**287**	**-**	**-**	**-**	**303**	**-**	**303**
	16	**287**	**(11,080)**	**-**	**(4,037)**	**(14,814)**	**-**	**(14,814)**
Transfer on disposal of shares	**-**	**-**	**(4,412)**	**-**	**4,412**	**-**	**-**	**-**
At 31 December 2015	**12,541**	**25,525**	**192,908**	**(11,354)**	**(1,613)**	**218,007**	**2,388**	**220,395**

Company statement of changes in equity

for the year ended 31 December 2015

	Capital					
	Share capital £000	Share premium £000	Retained earnings £000	Hedging reserves £000	Treasury shares £000	Total equity £000
At 1 January 2014	12,525	25,238	102,316	(919)	(1,392)	137,768
Profit for the period	-	-	31,616	-	-	31,616
Effective portion of changes in cash flow hedges	-	-	-	(2,025)	-	(2,025)
Net changes in fair value of cash flow hedges transferred to profit or loss	-	-	-	(99)	-	(99)
Remeasurements of defined benefit plan liabilities	-	-	(1,669)	-	-	(1,669)
Contributions by and distributions to owners:						
Ordinary dividends paid	-	-	(10,331)	-	-	(10,331)
Share based compensation	-	-	1,226	-	-	1,226
Tax effect of share based compensation	-	-	130	-	-	130
Purchase of shares by ESOT	-	-	-	-	(3,366)	(3,366)
Sale of shares by ESOT	-	-	-	-	430	430
Transactions with shareholders	-	-	(8,975)	-	(2,936)	(11,911)
Transfer on disposal of shares	-	-	(2,340)	-	2,340	-
At 31 December 2014	12,525	25,238	120,948	(3,043)	(1,988)	153,680
Profit for the period	**-**	**-**	**39,565**	**-**	**-**	**39,565**
Effective portion of changes in cash flow hedges	**-**	**-**	**-**	**676**	**-**	**676**
Net changes in fair value of cash flow hedges transferred to profit or loss	**-**	**-**	**-**	**77**	**-**	**77**
Remeasurements of defined benefit plan liabilities	**-**	**-**	**(1,768)**	**-**	**-**	**(1,768)**
Contributions by and distributions to owners:						
Ordinary dividends paid	**-**	**-**	**(11,364)**	**-**	**-**	**(11,364)**
Share based compensation	**-**	**-**	**214**	**-**	**-**	**214**
Tax effect of share based compensation	**-**	**-**	**71**	**-**	**-**	**71**
Arising on the issue of shares	**16**	**287**	**-**	**-**	**-**	**303**
Purchase of shares by ESOT	**-**	**-**	**-**	**-**	**(4,220)**	**(4,220)**
Sale of shares by ESOT	**-**	**-**	**-**	**-**	**183**	**183**
Transactions with shareholders	**16**	**287**	**(11,079)**	**-**	**(4,037)**	**(14,813)**
Transfer on disposal of shares	**-**	**-**	**(4,412)**	**-**	**4,412**	**-**
At 31 December 2015	**12,541**	**25,525**	**143,254**	**(2,290)**	**(1,613)**	**177,417**

1 General information

James Fisher and Sons plc is a public limited company registered and domiciled in England and Wales and listed on the London Stock Exchange. The consolidated financial statements comprise the financial statements of the Company, its subsidiary undertakings and its interest in associates and jointly controlled entities (together referred to as the Group), for the year ended 31 December 2015. The Company's shares are listed on the London Stock Exchange. The Company and consolidated financial statements were approved for publication by the Directors on 1 March 2016.

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), adopted by the European Union (adopted IFRS). The financial statements are prepared on a going concern basis and on an historical cost basis, modified to include revaluation to fair value of certain financial instruments. As permitted by section 408 of the Companies Act 2006, a separate income statement and related notes for the holding company have not been presented in these financial statements. The profit after taxation in the Company was £39.6m (2014: £31.6m). The Group and Company financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The consolidated financial statements and those of the Company have been prepared in accordance with IFRS adopted by the EU as at 31 December 2015 and are applied in accordance with the provisions of the Companies Act 2006.

In the 2014 cashflow amortisation of acquired intangibles was disclosed with acquisition costs, in 2015 this has been re-classified into depreciation and amortisation. The depreciation and loss/(profit) on sale of plant and equipment has been corrected to reclassify the release of an impairment provision. As a result of these changes there is no impact on the cashflow from operating activities.

2 Alternative performance measures

The Group uses a number of alternative (non-Generally Accepted Accounting Practice ("non-GAAP")) financial measures which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and, as such, these measures are important and should be considered alongside the IFRS measures. The adjustments are separately disclosed and are usually items that are significant in size or non-recurring in nature. The following non-GAAP measures are referred to in this Annual Report and Accounts.

2.1 Underlying operating profit and underlying profit before taxation

Underlying operating profit is defined as operating profit before amortisation or impairment of acquired intangible assets, acquisition expenses, adjustments to deferred consideration (together, 'acquisition related income and expense'), the costs of a material restructuring, asset impairment or rationalisation of operations and the profit or loss relating to the sale of businesses or property. The Directors believe that the underlying operating profit is an important measure of the operational performance of the Group. Underlying profit before taxation is defined as underlying operating profit less net finance expense.

2.2 Underlying earnings per share

Underlying earnings per share ('EPS') is calculated as the total of underlying profit before tax, less income tax, but excluding the tax impact on separately disclosed items included in the calculation of underlying profit less profit attributable to minority interests, divided by the weighted average number of ordinary shares in issue during the year. The Directors believe that underlying EPS provides an important measure of the underlying earnings capability of the Group. Underlying earnings per share is set out in note 10.

2.3 Capital employed and return on capital employed (ROCE)

Capital employed is defined as net assets less cash and short-term deposits and after adding back borrowings. Average capital employed is adjusted for the timing of businesses acquired and after adding back cumulative amortisation of customer relationships. Segmental ROCE is defined as the underlying operating profit divided by average capital employed. The key performance indicator, Group post tax ROCE is defined as underlying operating profit, less notional tax, calculated by multiplying the effective tax rate by the underlying operating profit, divided by average capital employed.

	2015 **£000**	2014 £000
Operating profit	**51,516**	53,918
Separately disclosed items before taxation	**(5,926)**	(2,381)
Underlying operating profit	**45,590**	51,537
Net finance expense	**(4,343)**	(4,684)
Underlying profit before tax	**41,247**	46,853

2 Alternative performance measures continued

Return on capital employed for the Group is calculated as follows:

	2015 £000	2014 £000
Capital employed:		
Total assets	507,100	433,146
Total liabilities	(286,705)	(228,956)
Net assets	220,395	204,190
less cash and short-term deposits	(22,962)	(17,719)
plus borrowings	116,645	79,899
Capital employed	314,078	266,370
Underlying operating profit	45,590	51,537
Notional tax at the effective tax rate	(6,519)	(9,895)
	39,071	41,642
Average capital employed	290,224	252,310
Post tax return on average capital employed	13.5%	16.5%

3 Segmental information

For management reporting purposes, the Group has four operating segments reviewed by the Board: Marine Support, Offshore Oil, Specialist Technical and Tankships. These operating segments form the basis of the primary segmental disclosures below. Their principal activities are set out in the Strategic report on pages 16 to 19.

The Board assess the performance of the segments based on operating profit as set out in note 2. The Board believes that such information is the most relevant in evaluating the results of certain segments relative to other entities which operate within these industries. Inter segmental sales are made using prices determined on an arms length basis.

Sector assets exclude cash and short-term deposits, deferred tax and corporate assets that cannot reasonably be allocated to operating segments. Sector liabilities exclude borrowings, retirement benefit obligations, deferred tax and corporate liabilities that cannot reasonably be allocated to operating liabilities.

Year ended 31 December 2015

	Marine Support £000	Offshore Oil £000	Specialist Technical £000	Tankships £000	Corporate £000	Total £000
Segmental revenue	194,389	63,742	130,293	52,627	-	441,051
Inter segment sales	(1,411)	(786)	(850)	(74)	-	(3,121)
Revenue	192,978	62,956	129,443	52,553	-	437,930
Underlying operating profit	19,352	7,399	13,907	7,164	(2,232)	45,590
Acquisition costs	(904)	-	(451)	-	-	(1,355)
Adjustment to provision for contingent consideration	4,998	-	3,494	-	-	8,492
Amortisation of acquired intangibles	(397)	(45)	(769)	-	-	(1,211)
Operating profit	23,049	7,354	16,181	7,164	(2,232)	51,516
Loss on sale of business	(393)	(566)	-	-	-	(959)
Net finance expense						(4,343)
Profit before tax						46,214
Income tax						(5,507)
Profit for the year						40,707
Assets & liabilities						
Segment assets	202,612	126,405	100,480	32,898	38,455	500,850
Investment in joint ventures	4,023	-	2,227	-	-	6,250
Total assets	206,635	126,405	102,707	32,898	38,455	507,100
Segment liabilities	(66,346)	(8,300)	(41,881)	(6,441)	(163,737)	(286,705)
	140,289	118,105	60,826	26,457	(125,282)	220,395
Other segment information						
Capital expenditure	7,221	7,898	2,324	1,629	525	19,597
Depreciation and amortisation	6,708	10,812	3,174	3,294	454	24,442

Year ended 31 December 2014

	Marine Support £000	Offshore Oil £000	Specialist Technical £000	Tankships £000	Corporate £000	Total £000
Segmental revenue	165,566	106,690	123,075	54,355	-	449,686
Inter segment sales	(1,416)	(1,810)	(1,614)	(47)	-	(4,887)
Revenue	164,150	104,880	121,461	54,308	-	444,799
Underlying operating profit	14,150	22,426	13,338	4,711	(3,088)	51,537
Acquisition costs	(405)	-	(295)	-	-	(700)
Adjustment to provision for contingent consideration	698	-	3,402	-	-	4,100
Amortisation of acquired intangibles	(227)	(122)	(670)	-	-	(1,019)
Operating profit	14,216	22,304	15,775	4,711	(3,088)	53,918
Net finance expense						(4,684)
Profit before tax						49,234
Income tax						(8,751)
Profit for the year						40,483
Assets & liabilities						
Segment assets	123,155	138,131	98,044	33,372	31,297	423,999
Investment in joint ventures	7,138	-	2,009	-	-	9,147
Total assets	130,293	138,131	100,053	33,372	31,297	433,146
Segment liabilities	(32,648)	(15,427)	(51,098)	(9,754)	(120,029)	(228,956)
	97,645	122,704	48,955	23,618	(88,732)	204,190
Other segment information						
Capital expenditure	9,921	16,595	3,136	1,865	667	32,184
Depreciation and amortisation	4,855	9,905	3,022	3,975	312	22,069

Geographic information

Geographical revenue is determined by the location in which the product or service is provided. Where customers receive the product or service in one geographical location for use or shipment to another it is not practicable for the Group to identify this and the revenue is attributed to the location of the initial shipment. The geographical allocation of segmental assets and liabilities is determined by the location of the attributable business unit.

	United Kingdom		Rest of Europe		Middle East, Africa & Americas		Asia Pacific		Total	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Revenue										
Segmental revenue	**174,230**	202,313	**59,984**	64,730	**118,664**	107,522	**88,173**	75,120	**441,051**	449,685
Inter segment sales	**(2,429)**	(3,773)	**(226)**	(486)	**(18)**	(627)	**(448)**	-	**(3,121)**	(4,886)
Group revenue	**171,801**	198,540	**59,758**	64,244	**118,646**	106,895	**87,725**	75,120	**437,930**	444,799
Segment assets	**316,234**	317,719	**46,770**	53,331	**99,464**	21,821	**38,383**	31,128	**500,850**	423,999
Investment in joint ventures	**130**	114	**155**	212	**338**	4,066	**5,627**	4,755	**6,250**	9,147
Segment liabilities	**(238,756)**	(199,825)	**(5,232)**	(7,192)	**(30,847)**	(12,576)	**(11,869)**	(9,363)	**(286,705)**	(228,956)
	77,608	118,008	**41,693**	46,351	**68,955**	13,311	**32,141**	26,520	**220,395**	204,190

4 Revenue and operating charges

Revenue comprises goods and services of £312.4m (2014: £300.9m), rental income of £43.0m (2014: £51.1m) and construction contract income of £82.5m (2014: £92.8m).

Operating charges reflected within operating profit include:

	2015 £000	2014 £000
Research and development costs	**1,456**	1,364
Net foreign currency losses/(gains)	**1,383**	(234)
Cost of inventories recognised as an expense	**99,205**	119,621
Operating lease rentals:		
property	**4,048**	3,928
ships	**7,987**	8,844
other	**188**	418
	12,223	13,190
Hire of vessels	**14,589**	13,527
	26,812	26,717

Auditor's remuneration comprises the following:

	2015 £000	2014 £000
Audit of the financial statements of the parent	**160**	129
Local statutory audits of subsidiaries	**445**	406
	605	535
Taxation services	**85**	96
Corporate finance services	**150**	20
Total fees payable to Group auditor	**840**	651

5 Separately disclosed items

In order for a better understanding of the underlying performance of the Group certain items are disclosed separately as set out in note 2. Separately disclosed items are as follows:

	2015 £000	2014 £000
Costs incurred in acquiring businesses	**(1,355)**	(700)
Amortisation of acquired intangibles	**(1,210)**	(1,019)
Adjustment to provisions for contingent consideration	**8,491**	4,100
Acquisition related income and (expense)	**5,926**	2,381
Loss on disposal of business	**(959)**	-
Separately disclosed items before taxation	**4,967**	2,381
Tax on separately disclosed items	**396**	243
	5,363	2,624

The adjustment to the provision for contingent consideration comprises £5.0m in respect of Subtech Group Holdings (Pty) Limited which was acquired for an initial consideration of £3.3m on 2 March 2015. An element of consideration was dependent on a profit target for the year ended 31 December 2015 which was not achieved. In addition contingent consideration liabilities have been adjusted based on most recent business short-term and medium-term forecasts resulting in a further credit of £3.5m.

6 Group employee costs

	Group	
(a) Staff costs including Directors' remuneration were as follows:	2015 £000	2014 £000
Wages and salaries	**97,037**	95,784
Social security costs	**9,351**	9,707
Pension costs	**3,714**	4,152
Share based compensation	**214**	1,226
	110,316	110,869

The monthly average number of persons including Executive Directors employed by the Group was:

	Group	
	2015 Number	2014 Number
Technical and administrative	**2,487**	2,161
Seafarers	**260**	333
	2,747	2,494

The Directors' remuneration and their interest in shares of the Company are given in the Directors' Remuneration report on pages 33 to 45. The amount charged against operating profit in the year in respect of Director short-term remuneration was £0.9m (2014: £1.2m) in respect of emoluments and £0.1m (2014: £0.1m) in respect of pension contributions to defined contribution schemes. The charge for share based payments to Directors was £0.1m (2014: £0.5m) and aggregate gains under the exercise of options was £nil (2014: £0.1m).

(b) Compensation of key management to the Group	**2015 £000**	2014 £000
Short-term employee benefits	**2,023**	1,931
Share based payments	**113**	611
	2,136	2,542

Key management personnel include the Board of Directors of the Company and other senior members of the management team.

7 Net finance expense

	2015 £000	2014 £000
Finance income:		
Interest receivable on short-term deposits	**239**	197
Finance expense:		
Bank loans and overdrafts	**(3,577)**	(3,396)
Preference dividend	**(3)**	(3)
Finance charges payable under finance leases	**(23)**	(20)
Net interest on pension obligations	**(756)**	(976)
Unwind of discount on contingent consideration	**(223)**	(486)
	(4,582)	(4,881)
Net finance expense	**(4,343)**	(4,684)

8 Taxation

(a) The tax charge is based on profit for the year and comprises:	**2015 £000**	2014 £000
Current tax:		
UK corporation tax	**(3,804)**	(7,636)
Overseas tax	**(4,209)**	(3,324)
Adjustment in respect of prior years:		
UK corporation tax	**753**	897
Overseas tax	**1,217**	50
Total current tax	**(6,043)**	(10,013)
Deferred tax:		
Origination and reversal of temporary differences:		
UK corporation tax	**(666)**	(198)
Overseas tax	**1,202**	1,460
Total taxation on profit for the year	**(5,507)**	(8,751)

The total tax charge in the income statement includes a further £0.2m (2014: £0.2m) which is stated within the share of post tax results of joint ventures.

8 Taxation continued

(b) Income tax on comprehensive income	Group 2015 £000	2014 £000
Current tax:		
Current tax on foreign exchange losses on internal loans	**122**	21
Current tax on contributions to defined benefit pension schemes	**760**	1,134
Current tax relating to share based payments	**372**	308
Deferred tax:		
Deferred tax on actuarial loss on defined benefit pension schemes	**874**	(818)
Deferred tax relating to derivatives	**(220)**	429
Deferred tax relating to share based payments	**(302)**	(178)
	1,606	896

(c) Reconciliation of effective tax rate

The Group falls under the UK tonnage tax regime on its ship owning and operating activities and a charge is based on the net tonnage of vessels operated. Profits for these activities are not subject to corporation tax. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the rate applicable under UK corporation tax rules as follows:

	2015 £000	2014 £000
Profit before tax	**46,214**	49,234
Tax arising from interests in joint ventures	**218**	228
	46,432	49,462
Tax on profit at UK statutory tax rate of 20.25% (2014: 21.5%)	**9,403**	10,634
Tonnage tax relief on vessel activities	**(884)**	(583)
Expenses not deductible for tax purposes	**554**	625
(Over)/under provision in previous years:		
Current tax	**(1,970)**	(947)
Deferred tax	**(246)**	523
Higher tax rates on overseas income	**497**	60
Research and development relief	**(200)**	(151)
Non taxable income –	**(1,722)**	(1,228)
Impact of change of rate	**(19)**	-
Other	**312**	46
	5,725	8,979

The effective rate on profit before income tax from continuing operations is 11.9% (2014: 17.8%). The effective income tax rate on the underlying profit before tax was 14.3% (2014: 19.2%).

At 31 December 2015 the Group had unrecognised tax losses of £2.6m (2014: £0.8m). A deferred tax asset has not been recognised in respect of these losses due to the uncertainty relating to their future recovery.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Group's future current tax charge accordingly. The impact of re-measuring the Group's UK tax assets and liabilities at these rates has not been recognised in these financial statements and the impact is not considered to be material.

9 Deferred tax

Deferred tax at 31 December relates to the following:

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Deferred tax assets:				
Retirement benefits	**4,609**	3,611	**2,934**	2,749
Share based payments	**883**	1,346	**883**	1,346
Derivative financial instruments	**231**	452	**179**	339
Losses carried forward	**844**	-	**-**	-
Temporary differences	**-**	-	**281**	773
	6,567	5,409	**4,277**	5,207
Deferred tax liabilities:				
Property, plant and equipment	**(3,339)**	(3,127)	**-**	-
Intangible assets	**(3,308)**	(2,812)	**-**	-
Other items	**3,116**	2,679	**-**	-
	(3,531)	(3,260)	**-**	-
Net deferred income tax asset	**3,036**	2,149	**4,277**	5,207

Deferred tax assets and liabilities included in the consolidated balance sheet have been analysed according to the net exposures in each tax jurisdiction.

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Balance at 1 January	**2,149**	1,638	**5,207**	5,266
Charged to comprehensive income	**654**	(389)	**(86)**	150
Charged to equity	**(302)**	(178)	**(302)**	(178)
Credited/(charged) to income statement	**536**	1,262	**(542)**	(31)
Exchange adjustments	**93**	166	**-**	-
Acquisition of subsidiaries	**(94)**	(350)	**-**	-
Balance at 31 December	**3,036**	2,149	**4,277**	5,207

At 31 December 2015 the Group has no recognised deferred income tax liability (2014: £nil) in respect of taxes that would be payable on the unremitted earnings of certain of the Company's subsidiaries. No deferred income tax liability has been recognised in respect of this temporary timing difference due to the foreign profits exemption, the availability of double taxation relief and the ability to control the remittance of earnings.

Deferred tax credited to the income statement in the year ending 31 December 2015 relates to the following:

The gross movement on the deferred income tax account is as follows:

	Group	
	2015 £000	2014 £000
Deferred tax assets	**(807)**	(66)
Deferred tax liabilities:		
Property, plant and equipment	**80**	324
Intangible assets	**183**	196
Other items	**8**	(1,716)
Deferred income tax credit	**(536)**	(1,262)

10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, after excluding 148,275 (2014: 153,192) ordinary shares held by the James Fisher and Sons plc Employee Share Ownership Trust (ESOT), held as treasury shares. Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

At 31 December 2015 332,893 options (2014: 182,124) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

10 Earnings per share continued

Weighted average number of shares	**2015 Number of shares**	2014 Number of shares
Basic weighted average number of shares	**50,040,647**	49,986,659
Potential exercise of share based payment schemes	**344,743**	606,887
Diluted weighted average number of shares	**50,385,390**	50,593,546

Underlying earnings per share

To provide a better understanding of the underlying performance of the Group, underlying earnings per share on continuing activities is reported as an alternative performance measure (note 2). Underlying profit is as follows:

	2015 £000	2014 £000
Profit attributable to owners of the Company	**39,885**	40,071
Adjustments:		
Separately disclosed items	**(4,967)**	(2,381)
Tax on separately disclosed items	**(396)**	(243)
Underlying profit attributable to owners of the Company	**34,522**	37,447

Earnings per share	**pence**	pence
Basic earnings per share	**79.7**	80.2
Diluted earnings per share	**79.2**	79.2
Underlying basic earnings per share	**69.0**	74.9
Underlying diluted earnings per share	**68.5**	74.0

11 Dividends paid and proposed

	2015 pence per share	2014 pence per share	**2015 £000**	2014 £000
Declared and paid during the year				
Equity dividends on ordinary shares:				
Final dividend for 2014:	**14.90**	13.54	**7,471**	6,783
Interim dividend for 2015:	**7.80**	7.10	**3,913**	3,557
Less dividends on own shares held by ESOP			**(20)**	(9)
			11,364	10,331

A final dividend in respect of the year ended 31 December 2015 of 16.0p per share (2014: 14.9p) is proposed.

12 Goodwill

Group	Marine Support £000	Offshore Oil £000	Specialist Technical £000	Tankships £000	Total £000
At 1 January 2014	25,464	42,898	25,554	10,260	104,176
Acquisitions	7,145	68	5,529	-	12,742
Exchange differences	(61)	(1,705)	(774)	-	(2,540)
At 31 December 2014	32,548	41,261	30,309	10,260	114,378
Acquisitors	25,594	-	4,592	-	30,186
Exchange differences	(2,634)	(1,183)	(332)	-	(4,149)
At 31 December 2015	**55,508**	**40,078**	**34,569**	**10,260**	**140,415**

Impairment of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to cash generating units (CGU's). The recoverable amount of these units has been assessed based on value in use calculations using cash projections based on budgets approved by the Board for the next financial year together with projections derived from those budgets for the following four years. A terminal value of cash flows beyond that date has been calculated at a growth rate in line with management's long-term expectations for the relevant market. The key assumptions used in the value in use calculations include gross margin, discount rate, inflation of overheads and payroll and growth rates.

Growth estimates are based on the levels achieved in the current and historic periods adjusted for management expectations of the impact of management actions and the future development of the relevant market. Short-term growth rates for turnover vary between 1% and 3% which allows for significant growth in project based activities. These growth rates are considered to be conservative and vary dependant on the market conditions in which the CGU operates. Direct costs are expected to increase in line with turnover. Administrative costs are anticipated to increase at 2%.

Payroll inflation reflects the fact that the Group provides specialist services in a competitive market and are influenced by the need to retain skilled staff. As a result the initial growth rates for payroll costs range between 1% in mature businesses to up to 3% for specific posts in businesses located in areas where skilled staff are in short supply.

Discount rates applied to cash projections reflect management's estimate of the return required from the business to reflect the cost of funds plus an appropriate risk premium. This has been determined with reference to the CGU's weighted average cost of capital (WACC) adjusted for risks specific to each CGU's cash flows. The range of pre-tax discount rates used was 6.1% to 7.1% (2014: 7.2% to 8.6%). An effective tax rate of 18.5% has been assumed as an estimated long-term rate.

Based on the value in use calculations set out above no impairment of the goodwill of the cash generating units was identified.

The key assumptions applied to each CGU were as follows:

	Marine Support	Offshore Oil	Specialist Technical	Tankships
Short-term gross profit growth	3%-5%	0.80%	3%	1%
Long-term gross profit growth	2%-7%	2%	2%-7%	1%-2%
Short-term direct costs	3%-4%	0%	2%-3%	0%
Long-term direct costs	2%	0%	2%	1%-2%

Sensitivity to impairment

Sensitivity analysis has been performed to determine the impact of a change in a key assumption (e.g. such as an increase in discount rate by 1%) and no impairment issues were identified.

13 Other intangible assets

Group	Development costs £000	Intellectual property £000	Customer relationships £000	Total £000
Cost				
At 1 January 2014	6,890	639	4,708	12,237
Additions	1,808	3,042	992	5,842
Exchange differences	-	(18)	(79)	(97)
At 31 December 2014	8,698	3,663	5,621	17,982
Additions	2,678	26	-	2,704
Reclassification	288	(288)	-	-
Acquisition	-	3,000	1,349	4,349
Disposals	-	(1,428)	-	(1,428)
Exchange differences	-	34	(189)	(155)
At 31 December 2015	**11,664**	**5,007**	**6,781**	**23,452**
Amortisation				
At 1 January 2014	926	423	1,406	2,755
Charge for the period	1,069	468	1,019	2,556
Exchange differences	-	(13)	(68)	(81)
At 31 December 2014	1,995	878	2,357	5,230
Charge for the period	1,037	154	1,210	2,401
Reclassification	(267)	267	-	-
Disposals	-	(143)	-	(143)
Exchange differences	(67)	(10)	-	(77)
At 31 December 2015	**2,698**	**1,146**	**3,567**	**7,411**
Net book value at 31 December 2015	**8,966**	**3,861**	**3,214**	**16,041**
Net book value at 1 January 2015	6,703	2,785	3,264	12,752
Net book value at 1 January 2014	5,964	216	3,302	9,482

Customer relationships relate to items acquired through business combinations which are amortised over their useful economic life. Development costs relate to new products developed by the Group and intellectual property represents amounts purchased or acquired relating to technology in the Group's activities.

Based on an assessment of value in use there are no indications that any impairment of these assets has arisen during the period.

Company

The Company has no intangible assets.

14 Property, plant and equipment

	Vessels £000	Assets under construction £000	Freehold & leasehold property £000	Plant & equipment £000	Total £000
Group					
Cost:					
At 1 January 2014	71,369	2,025	22,575	109,978	205,947
Additions	6,104	9,895	3,945	12,240	32,184
Reclassifications	-	(6,896)	659	6,237	-
Acquisitions	6	-	-	2,015	2,021
Disposals	(10,435)	(7)	(160)	(4,535)	(15,137)
Exchange differences	28	(260)	(73)	(3,788)	(4,093)
At 31 December 2014	67,072	4,757	26,946	122,147	220,922
Additions	1,873	6,940	1,973	8,811	19,597
Reclassifications	-	(7,407)	-	7,407	-
Acquisitions	3,882	294	350	12,170	16,696
Disposals	(29)	(247)	(276)	(4,189)	(4,741)
Disposal of subsidiary undertaking	-	-	(176)	-	(176)
Exchange differences	(44)	(263)	(150)	(3,155)	(3,612)
At 31 December 2015	**72,754**	**4,074**	**28,667**	**143,191**	**248,686**
Group					
Depreciation and impairment:					
At 1 January 2014	47,270	-	3,939	46,536	97,745
Provided during the year	4,491	-	1,135	13,887	19,513
Reclassifications	-	-	5	(5)	-
Utilisation of impairment provision	(2,145)	-	-	-	(2,145)
Disposals	(6,066)	-	(159)	(2,053)	(8,278)
Exchange differences	15	-	(39)	(2,518)	(2,542)
At 31 December 2014	43,565	-	4,881	55,847	104,293
Provided during the year	4,177	-	1,147	16,717	22,041
Utilisation of impairment provision	(482)	-	-	-	(482)
Disposals	(26)	-	(148)	(2,311)	(2,485)
Disposal of subsidiary undertaking	-	-	(155)	-	(155)
Exchange differences	(49)	-	(38)	(2,033)	(2,120)
At 31 December 2015	**47,185**	**-**	**5,687**	**68,220**	**121,092**
Net book value at 31 December 2015	**25,569**	**4,074**	**22,980**	**74,971**	**127,594**
Net book value at 1 January 2015	23,507	4,757	22,065	66,300	116,629
Net book value at 1 January 2014	24,099	2,025	18,636	63,442	108,202

Property, plant and equipment held under leasing arrangements

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 31 December 2015 was £0.2m (2014: £0.3m). Included in vessels are assets with a cost of £6.4m (2014: £6.2m) and accumulated depreciation of £5.6m (2014: £5.0m) which relate to assets held under operating leases. Included in property, plant and equipment is aggregate interest capitalised of £1.0m (2014: £1.1m).

	Vessels £000	Freehold & leasehold property £000	Plant & equipment £000	Total £000
Company				
Cost:				
At 1 January 2014	9,452	1,839	1,797	13,088
Additions	129	-	668	797
Inter group transfers	-	232	-	232
Disposals	(418)	-	(250)	(668)
At 31 December 2014	9,163	2,071	2,215	13,449
Additions	337	-	526	863
Disposals	-	-	(139)	(139)
At 31 December 2015	**9,500**	**2,071**	**2,602**	**14,173**
Company				
Depreciation:				
At 1 January 2014	5,203	801	885	6,889
Provided during the year	431	89	224	744
Inter-group transfers	-	164	-	164
Disposals	(418)	-	(250)	(668)
At 31 December 2014	5,216	1,054	859	7,129
Provided during the year	396	88	366	850
Disposals	-	-	(139)	(139)
At 31 December 2015	**5,612**	**1,142**	**1,086**	**7,840**
Net book value at 31 December 2015	**3,888**	**929**	**1,516**	**6,333**
Net book value at 1 January 2015	3,947	1,017	1,356	6,320
Net book value at 1 January 2014	4,249	1,038	912	6,199

Included in property, plant and equipment is aggregate interest capitalised of £0.1m (2014: £0.1m).

15 Investment in subsidiaries, associates and joint arrangements

The Group has a 50% equity interest in Eurotestconsult UK Limited, a company which provides monitoring, instrumentation and testing services.

The Group has a 50% equity interest in the ordinary shares of Fendercare Benelux BV and Fendercare Omega Limited and a 49% equity interest in Fendercare Malaysia Sdn Bhd. These joint ventures, which are referred to as the FCM businesses, are marine services companies operating ship-to-ship transfers principally in Northern Europe and Asia.

The Group has a 50% equity interest in the ordinary shares of First Response Marine Pte Ltd (FRM). FRM provides submarine rescue services to the Singapore government under a 20 year service contract which commenced in March 2009.

On the 1 November 2015, the Group acquired the remaining 55% interest of a number of companies, alternatively known as Fendercare Nigeria. For further details of the acquisition, see note 24.

Details of the Group's joint ventures and associated undertakings are set out on pages 97 and 98. The Group's share of the assets, liabilities and trading results of these joint venture entities at 31 December 2015 which are accounted for under the equity accounting method, are as follows:

	2015 £000	2014 £000
Current assets	**24,710**	23,548
Non-current assets	**18,977**	23,347
Current liabilities	**(15,543)**	(19,373)
Non-current liabilities	**(23,627)**	(20,129)
Loans to associate	**1,733**	1,754
	6,250	9,147
Revenue	**13,425**	16,951
Cost of sales	**(11,496)**	(13,794)
Administrative expenses	**(920)**	(2,039)
Profit from operations	**1,009**	1,118
Net finance expense	**(704)**	(704)
Profit before income tax	**305**	414
Taxation	**(218)**	(228)
Profit after tax	**87**	186
Non-controlling interests	**13**	(33)
Net profit attributable to equity holders	**100**	153

15 Investment in subsidiaries, associates and joint arrangements continued

	2015 £000	2014 £000
Segmental analysis of profit after tax:		
Marine Support	**(453)**	(394)
Specialist Technical	**540**	580
	87	186
Movement on investment in joint ventures:		
At 1 January	**9,147**	9,467
Acquisitions	**676**	30
Stepped acquisition of Fendercare Nigeria	**(3,359)**	-
Profit for the period	**100**	153
Dividends received	**(1,089)**	(641)
Share of fair value gains/(losses) on cash flow hedges	**354**	(133)
Non-controlling interests	**-**	33
Exchange adjustments	**421**	238
At 31 December	**6,250**	9,147

There are no capital commitments or contingent liabilities in respect of the Group's interests in joint ventures.

16 Financial assets

Available for sale

Group	2015 £000	2014 £000
At 1 January	**1,478**	1,378
Additions	**-**	100
At 31 December	**1,478**	1,478
Company		
At 1 January and 31 December	**1,368**	1,368

Available for sale financial assets include a 17.2% (2014: 17.2%) equity interest in ordinary shares in SEML De Co-operation Transmanche, an unlisted company incorporated in France, whose main activity is a port and ferry operator. In addition, the Group has a 50% interest in DivexDomeyer GmbH, a company incorporated in Germany which provides in-service support and aftermarket services to the German navy. The Group does not actively participate in the operation and control of that business.

The investments listed above are in unquoted entities whereby the fair value of the shareholding cannot be readily ascertained or measured reliably. The investments are therefore held at initial cost and are subject to an annual impairment review. No impairment was required at 31 December 2015 (2014: £nil).

Investments

	Subsidiary undertakings		
Company	Shares £000	Loans £000	Total £000
Cost			
At 1 January 2014	156,926	91,785	248,711
Additions/increases	387	50,171	50,558
Recapitalisations	2,351	(2,351)	-
Repayments	-	(20,824)	(20,824)
At 31 December 2014	159,664	118,781	278,445
Additions/increases	259	101,358	101,617
Repayments	-	(77,023)	(77,023)
At 31 December 2015	**159,923**	**143,116**	**303,039**
Amount provided			
At 1 January 2014	445	348	793
Released	-	(348)	(348)
At 31 December 2014	445	-	445
At 31 December 2015	**445**	**-**	**445**
Net book value at 31 December 2015	**159,478**	**143,116**	**302,594**
Net book value at 31 December 2014	159,219	118,781	278,000

A list of subsidiary undertakings is included on pages 97 and 98.

17 Inventories

	Group 2015 £000	Group 2014 £000
Work in progress	**9,088**	7,329
Raw materials and consumables	**6,105**	8,059
Finished goods	**32,243**	25,268
	47,436	40,656

Inventories are stated net of impairment provisions of £3.1m (2014: £2.6m). During the year £0.5m (2014: £0.8m) was charged to the income statement to write down inventories to net realisable value.

18 Trade and other receivables

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Trade receivables	**69,099**	68,924	**-**	14
Amounts owed by group undertakings	**-**	-	**1,883**	1,476
Amounts owed by joint venture undertakings	**1,471**	6,069	**-**	-
Other non-trade receivables	**18,722**	7,880	**5,739**	2,895
Prepayments and accrued income	**52,442**	34,771	**630**	288
	141,734	117,644	**8,252**	4,673

Of the above other non-trade receivables of £nil (2014: £0.3m) are expected to be recovered in more than one year. At 31 December 2015, the aggregated amount of costs incurred and recognised profits (less recognised losses) to date under open construction contracts amounted to £24.6m (2014: £23.5m). Retentions relating to construction contracts included in trade receivables are £nil (2014: £0.1m). Included within the trade and other receivable balances is £26.9m (2014: £23.8m) in relation to construction contracts in progress. During the year the principal customer of one of the Group's overseas subsidiaries terminated its contract for mooring and diving services, whilst discussions are on-going regarding settlement, the Group expects to recover all costs to be incurred relating to the termination.

19 Share capital

Group and Company

Authorised

66,320,000 ordinary shares of 25p each
100,000 3.5% cumulative preference shares of £1 each

Allotted, called up and fully paid

	25p Ordinary shares		£1 Cumulative preference shares	
In thousands of shares	**2015**	2014	**2015**	2014
In issue at 1 January	**50,099**	50,099	**100**	100
Exercise of share options	**65**	-	**-**	-
In issue 31 December	**50,164**	50,099	**100**	100
	2015 £000	2014 £000	**2015 £000**	2014 £000
Issued share capital	**12,541**	12,525	**100**	100

The preference shareholders are entitled to receive 3.5% per annum on the par value of the shares and the ordinary shareholders receive dividends as declared from time to time by the Directors.

Shares all carry equal voting rights of one vote per share held. Neither type of share is redeemable. In the event of a winding up order the amount receivable in respect of the cumulative preference shares is limited to their nominal value. The ordinary shareholders are entitled to an unlimited share of the surplus after distribution to the cumulative preference shareholders. Preference shares are treated as a liability in the balance sheet.

19 Share capital continued

Treasury shares

	2015 £000	2014 £000
148,275 (2014: 153,192) ordinary shares of 25p	**1,613**	1,988

The Company has an established Employee Share Ownership Trust, the James Fisher and Sons plc Employee Share Trust, to meet potential obligations under share option and long-term incentive schemes awarded to employees. The market value of these shares at 31 December 2015 was £1.7m (2014: £1.8m). The Trust has not waived its right to receive dividends.

In the year ended 31 December 2015, 65,118 ordinary shares with an aggregate nominal value of £16,279 were issued under the Company's Executive Share Option Scheme at option prices of 327p and 468p per share giving rise to total consideration of £303,111. No ordinary shares of 25p were allotted on the exercise of share options in the year to 31 December 2014.

During the year the company purchased 120,000 (2014: 150,000) of its own shares in market by the ESOP at an average cost per share of £10.32 (2014: £13.30) and a cumulative cost of £1,238,397 (2014: £1,994,553).

20 Other reserve movements

	Translation reserve £000	Hedging reserve £000	Total £000
At 1 January 2014	(940)	(243)	(1,183)
Other comprehensive income for the period	(4,395)	(2,106)	(6,501)
At 31 December 2014	(5,335)	(2,349)	(7,684)
Other comprehensive income for the period	(4,717)	1,047	(3,670)
At 31 December 2015	**(10,052)**	**(1,302)**	**(11,354)**

21 Trade and other payables

Non-current liabilities

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Provision for contingent consideration	**8,155**	9,086	**-**	-
Accruals and deferred income	**573**	499	**-**	-
	8,728	9,585	**-**	-

Current liabilities

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade payables	**38,303**	38,206	**2,194**	2,936
Amounts owed to group undertakings	**-**	-	**5,154**	12,881
Amounts owed to joint venture undertakings	**289**	1,506	**-**	-
Taxation and social security	**7,597**	5,371	**366**	239
Other payables	**15,794**	11,651	**1,387**	1,001
Accruals and deferred income	**63,398**	49,257	**3,532**	3,022
	125,381	105,991	**12,633**	20,079

22 Retirement benefit obligations

The Group and Company defined benefit pension scheme obligations relate to the James Fisher and Sons plc Pension Fund for Shore Staff (Shore staff), the Merchant Navy Officers Pension Fund (MNOPF) and the Merchant Navy Ratings Pension Fund (MNRPF). The financial statements incorporate the latest full actuarial valuations of the schemes which have been updated to 31 December 2015 by qualified actuaries using assumptions set out in the table below. The Group's obligations in respect of its pension schemes at 31 December 2015 were as follows:

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Shore staff	**(8,630)**	(10,522)	**(8,630)**	(10,522)
MNOPF	**(9,730)**	(11,284)	**(7,366)**	(8,611)
MNRPF	**(8,596)**	-	**(3,094)**	-
	(26,956)	(21,806)	**(19,090)**	(19,133)

Shore staff

The assets of this scheme are held in a separate trustee administered account and do not include any of the Group's assets. The scheme was closed to new members in October 2001 and closed to future accrual on 31 December 2010. The most recent actuarial valuation was as at 31 July 2013.

MNOPF

The MNOPF is an industry wide pension scheme which is accounted for as a defined benefit scheme. It is valued every three years and deficits have typically been funded over a ten year period. The most recent triennial actuarial valuation of the scheme was as at 31 March 2015 and no additional deficit funding was requested by the Trustees.

The share of the Group and Company in the net retirement benefit obligation of MNOPF are 3.0% (2014: 3.0%) and 1.4% (2014: 1.4%) respectively. Disclosures relating to this scheme are based on these allocations. The liability recognised represents the discounted value of committed cash flows. Information supplied by the trustees of the MNOPF has been reviewed by the Company's actuaries. The principal assumption in the review is the discount rate on the scheme's liabilities which was 4.00% (2014: 3.75%). The disclosures below relate to the Group's share of the assets and liabilities within the MNOPF.

MNRPF

On 25 February 2015, the High Court confirmed that the Trustees of the MNRPF could implement its proposed funding regime which required former employers, such as James Fisher and Sons plc, to contribute towards the deficit. Based on the most recent actuarial valuation of the MNRPF as at 31 March 2014, the Group and Company have recognised a defined benefit liability based on the discounted value of expected cash contributions, the timing of which is currently subject to agreement with the Trustee. The shares of the Group and the Company in the net retirement benefit obligation of the MNRPF are respectively 2.46% and 0.89%. The principal assumption in the MNRPF valuation is the discount rate on the schemes liabilities which was 4%.

Actuarial assumptions

The scheme's assets are stated at their market values on the respective balance sheet dates. The overall expected rates of return on assets reflect the risk free rate of return plus an appropriate risk premium based on the nature of the relevant asset category. The principal assumptions used in updating the latest valuations for each of the schemes were:

		2015	2014
Inflation (%)		**3.15**	3.05
Rate of increase of pensions in payment - shore staff (%)		**3.00 - 3.15**	2.95 - 3.05
Discount rate for scheme liabilities (%)		**4.00**	3.75
Expected rates of return on assets (%)		**4.00**	3.75
Post retirement mortality: (years)			
Shore staff scheme			
Current pensioner at 65	male	**21.0**	21.1
Current pensioner at 65	female	**23.0**	23.4
Future pensioner at 65	male	**22.6**	22.9
Future pensioner at 65	female	**24.9**	25.3

The post retirement mortality assumptions allow for expected increase in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to a member who is currently 45 years old.

Sensitivities

The key sensitivities on the major schemes may be summarised as follows:

Shore staff scheme

Key measure	Change in assumption	Change in deficit
Discount rate	Decrease of 0.25%	Increase by 2.9%
Rate of inflation	Increase by 0.25%	Increase by 1.4%
Rate of mortality	Increase in life expectancy of 1 year	Increase by 3.3%

MNOPF & MNRPF

Key measure	Change in assumption	Change in deficit
Discount rate	Decrease of 0.25%	Increase by 0.5%

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22 Retirement benefit obligations continued

(a) The assets and liabilities of the schemes at 31 December are:

As at 31 December 2015

	Group				Company			
	Shore staff £000	**MNOPF £000**	**MNRPF £000**	**Total £000**	**Shore staff £000**	**MNOPF £000**	**MNRPF £000**	**Total £000**
Equities	**3,878**	**2,693**	**3,166**	**9,737**	**3,878**	**1,267**	**1,140**	**6,285**
Gilts/corporate bonds	**-**	**25,593**	**-**	**25,593**	**-**	**12,044**	**-**	**12,044**
Other investments	**45,737**	**49,669**	**17,197**	**112,603**	**45,737**	**23,374**	**6,191**	**75,302**
Cash or liquid assets	**1,200**	**5,907**	**331**	**7,438**	**1,200**	**2,780**	**119**	**4,099**
Fair value of scheme assets	**50,815**	**83,862**	**20,694**	**155,371**	**50,815**	**39,465**	**7,450**	**97,730**
Present value of scheme liabilities	**(59,445)**	**(93,592)**	**(29,290)**	**(182,327)**	**(59,445)**	**(46,831)**	**(10,544)**	**(116,820)**
Net pension liabilities recognised in the balance sheet	**(8,630)**	**(9,730)**	**(8,596)**	**(26,956)**	**(8,630)**	**(7,366)**	**(3,094)**	**(19,090)**

As at 31 December 2014

	Group				Company			
	Shore staff £000	MNOPF £000	MNRPF £000	Total £000	Shore staff £000	MNOPF £000	MNRPF £000	Total £000
Equities	7,135	5,140	-	12,275	7,135	2,419	-	9,554
Gilts/corporate bonds	-	31,674	-	31,674	-	14,905	-	14,905
Other investments	46,649	39,873	-	86,522	46,649	18,764	-	65,413
Cash or liquid assets	20	3,467	-	3,487	20	1,632	-	1,652
Fair value of scheme assets	53,804	80,154	-	133,958	53,804	37,720	-	91,524
Present value of scheme liabilities	(64,326)	(91,438)	-	(155,764)	(64,326)	(46,331)	-	(110,657)
Net pension liabilities recognised in the balance sheet	(10,522)	(11,284)	-	(21,806)	(10,522)	(8,611)	-	(19,133)

(b) Expense recognised in the income statement

Year ended 31 December 2015

	Group				Company			
	Shore staff £000	**MNOPF £000**	**MNRPF £000**	**Total £000**	**Shore staff £000**	**MNOPF £000**	**MNRPF £000**	**Total £000**
Current service cost	**21**	**-**	**-**	**21**	**21**	**-**	**-**	**21**
Expenses	**105**	**-**	**-**	**105**	**105**	**-**	**-**	**105**
Interest cost on benefit obligation	**2,325**	**3,394**	**-**	**5,719**	**2,325**	**1,710**	**-**	**4,035**
Return on scheme assets	**(1,957)**	**(3,006)**	**-**	**(4,963)**	**(1,957)**	**(1,415)**	**-**	**(3,372)**
	494	**388**	**-**	**882**	**494**	**295**	**-**	**789**

The actual return on the Shore staff plan assets is £0.6m.

Year ended 31 December 2014

	Group				Company			
	Shore staff £000	MNOPF £000	MNRPF £000	Total £000	Shore staff £000	MNOPF £000	MNRPF £000	Total £000
Current service cost	30	-	-	30	30	-	-	30
Expenses	143	-	-	143	143	-	-	143
Interest cost on benefit obligation	2,685	4,127	-	6,812	2,685	2,094	-	4,779
Return on scheme assets	(2,264)	(3,572)	-	(5,836)	(2,264)	(1,681)	-	(3,945)
	594	555	-	1,149	594	413	-	1,007

The actual return on the Shore staff plan assets is £5.8m.

(c) Movements in the net defined benefit liability

Year ended 31 December 2015

	Group					Company			
	Shore staff £000	MNOPF £000	MNRPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £000	MNRPF £000	Total £000
As at 1 January 2015	10,522	11,284	-	-	21,806	10,522	8,611	-	19,133
Expense recognised in the income statement	494	388	-	-	882	494	295	-	789
Contributions paid to scheme	(1,642)	(1,873)	-	-	(3,515)	(1,642)	(1,490)	-	(3,132)
Remeasurement gains and losses	(744)	(69)	8,596	-	7,783	(744)	(50)	3,094	2,300
	8,630	9,730	8,596	-	26,956	8,630	7,366	3,094	19,090

Year ended 31 December 2014

	Group					Company			
	Shore staff £000	MNOPF £000	MNRPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £000	MNRPF £000	Total £000
As at 1 January 2014	9,777	13,460	-	(96)	23,141	9,777	9,784	-	19,561
Disposal	-	-	-	96	96	-	-	-	-
Expense recognised in the income statement	594	555	-	-	1,149	594	413	-	1,007
Contributions paid to scheme	(1,655)	(3,051)	-	-	(4,706)	(1,655)	(1,818)	-	(3,473)
Remeasurement gains and losses	1,806	320	-	-	2,126	1,806	232	-	2,038
	10,522	11,284	-	-	21,806	10,522	8,611	-	19,133

(d) Changes in the present value of the defined benefit obligation are analysed as follows:

Year ended 31 December 2015

	Group					Company			
	Shore staff £000	MNOPF £000	MNRPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £000	MNRPF £000	Total £000
As at 1 January 2015	64,326	91,438	-	-	155,764	64,326	46,331	-	110,657
Current service cost	21	-	-	-	21	21	-	-	21
Expenses	105	-	-	-	105	105	-	-	105
Interest cost	2,325	3,394	-	-	5,719	2,325	1,710	-	4,035
Contributions by scheme participants	5	-	-	-	5	5	-	-	5
Remeasurement loss/(gain):									
Actuarial loss arising from scheme experience	74	700	-	-	774	74	327	-	401
Actuarial gain arising from changes in demographic assumptions	(853)	-	-	-	(853)	(853)	-	-	(853)
Actuarial gain arising from changes in financial assumptions	(1,300)	(67)	-	-	(1,367)	(1,300)	(47)	-	(1,347)
Net benefits paid out	(5,258)	(1,873)	-	-	(7,131)	(5,258)	(1,490)	-	(6,748)
On recognition	-	-	29,290	-	29,290	-	-	10,544	10,544
	59,445	93,592	29,290	-	182,327	59,445	46,831	10,544	116,820

22 Retirement benefit obligations continued

Year ended 31 December 2014

	Group					Company			
	Shore staff £000	MNOPF £000	MNRPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £000	MNRPF £000	Total £000
As at 1 January 2014	59,072	90,262	-	136	149,470	59,072	45,927	-	104,999
Disposal	-	-	-	(136)	(136)	-	-	-	-
Current service cost	30	-	-	-	30	30	-	-	30
Expenses	143	-	-	-	143	143	-	-	143
Interest cost	2,685	4,127	-	-	6,812	2,685	2,094	-	4,779
Contributions by scheme participants	7	-	-	-	7	7	-	-	7
Remeasurement (gain)/loss:									
Actuarial gain arising from scheme experience	(424)	(224)	-	-	(648)	(424)	(106)	-	(530)
Actuarial loss arising from changes in financial assumptions	5,723	323	-	-	6,046	5,723	234	-	5,957
Net benefits paid out	(2,910)	(3,050)	-	-	(5,960)	(2,910)	(1,818)	-	(4,728)
	64,326	91,438	-	-	155,764	64,326	46,331	-	110,657

(e) Changes in the fair value of the plan assets are analysed as follows:

Year ended 31 December 2015

	Group					**Company**			
	Shore staff £000	**MNOPF £000**	**MNRPF £000**	**ScanTech Produkt £000**	**Total £000**	**Shore staff £000**	**MNOPF £000**	**MNRPF £000**	**Total £000**
As at 1 January 2015	**53,804**	**80,154**	**-**	**-**	**133,958**	**53,804**	**37,720**	**-**	**91,524**
Return on scheme assets recorded in interest	**1,957**	**3,006**	**-**	**-**	**4,963**	**1,957**	**1,415**	**-**	**3,372**
Remeasurement (gain)/loss:									
Return on plan assets excluding interest income	**(1,335)**	**702**	**-**	**-**	**(633)**	**(1,335)**	**330**	**-**	**(1,005)**
Contributions by employer	**1,642**	**1,873**	**-**	**-**	**3,515**	**1,642**	**1,490**	**-**	**3,132**
Contributions by scheme participants	**5**	**-**	**-**	**-**	**5**	**5**	**-**	**-**	**5**
Net benefits paid out	**(5,258)**	**(1,873)**	**-**	**-**	**(7,131)**	**(5,258)**	**(1,490)**	**-**	**(6,748)**
On recognition	**-**	**-**	**20,694**	**-**	**20,694**	**-**	**-**	**7,450**	**7,450**
	50,815	**83,862**	**20,694**	**-**	**155,371**	**50,815**	**39,465**	**7,450**	**97,730**

Year ended 31 December 2014

	Group					Company			
	Shore staff £000	MNOPF £000	MNRPF £000	ScanTech Produkt £000	Total £000	Shore staff £000	MNOPF £000	MNRPF £000	Total £000
As at 1 January 2014	49,295	76,802	-	232	126,329	49,295	36,143	-	85,438
Disposal	-	-	-	(232)	(232)	-	-	-	-
Return on scheme assets recorded in interest	2,264	3,572	-	-	5,836	2,264	1,681	-	3,945
Remeasurement loss/(gain):									
Return on plan assets excluding interest income	3,493	(220)	-	-	3,273	3,493	(104)	-	3,389
Contributions by employer	1,655	3,050	-	-	4,705	1,655	1,818	-	3,473
Contributions by scheme participants	7	-	-	-	7	7	-	-	7
Net benefits paid out	(2,910)	(3,050)	-	-	(5,960)	(2,910)	(1,818)	-	(4,728)
	53,804	80,154	-	-	133,958	53,804	37,720	-	91,524

(f) History of experience gains and losses

Shore staff	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Fair value of scheme assets	**50,815**	53,804	49,295	47,367	44,026
Defined benefit obligation	**(59,445)**	(64,326)	(59,072)	(57,062)	(54,866)
Deficit in scheme	**(8,630)**	(10,522)	(9,777)	(9,695)	(10,840)
Remeasurement (loss)/gain:					
Return on plan assets excluding interest income	**(1,335)**	3,493	1,965	2,262	(490)
Remeasurement (loss)/gain on scheme liabilities	**(74)**	424	8	-	26

MNOPF Group	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Fair value of scheme assets	**83,862**	80,154	76,802	73,944	64,835
Defined benefit obligation	**(93,592)**	(91,438)	(90,262)	(91,372)	(84,054)
Deficit in scheme	**(9,730)**	(11,284)	(13,460)	(17,428)	(19,219)

MNOPF Company	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Fair value of scheme assets	**39,465**	37,720	36,143	37,899	33,231
Defined benefit obligation	**(46,831)**	(46,331)	(45,927)	(46,843)	(43,097)
Deficit in scheme	**(7,366)**	(8,611)	(9,784)	(8,944)	(9,866)

MNRPF Group	2015 £000	2014 £000
Fair value of scheme assets	**20,694**	-
Defined benefit obligation	**(29,290)**	-
Deficit in scheme	**(8,596)**	-

MNRPF Company	2015 £000	2014 £000
Fair value of scheme assets	**7,450**	-
Defined benefit obligation	**(10,544)**	-
Deficit in scheme	**(3,094)**	-

The cumulative amount of actuarial gains and losses relating to all schemes recognised since 1 January 2004 in the Group and Company statement of comprehensive income is a loss of £50.5m (2014: £42.7m). The Directors do not consider it to be possible to determine how much of the pension scheme deficit recognised on transition to IFRS and taken directly to equity of £12.8m in the Group and Company is attributable to actuarial gains and losses since inception of those pension schemes. Consequently the Directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the Group and Company statements of comprehensive income before January 2004.

(g) Defined contribution schemes

The Group operates a number of defined contribution schemes. The pension charge for the year for these arrangements is equal to the contributions paid and was £3.6m (2014: £4.4m). During the year the Company contributed £0.3m (2014: £0.4m) into defined contribution schemes.

23 Share based payments

The Company operates an Executive Share Option Scheme (ESOS) and a Long-Term Incentive Plan (LTIP) in respect of Directors and certain senior employees and details of these are set out in the Director's remuneration report on pages 33 to 45. The Company also operates a Sharesave scheme (Sharesave) for eligible employees which is HM Revenue and Customs approved.

Sharesave

All employees, subject to the discretion of the Remuneration Committee, may apply for share options under an employee save as you earn plan which may from time to time be offered by the Company. An individual's participation is limited so that the aggregate price payable for shares under option at any time does not exceed the statutory limit. Options granted under the plans will normally be exercisable if the employee remains in employment and any other conditions set by the Remuneration Committee have been satisfied. Options are normally exercisable at the end of the related savings contract but early exercise is permitted in certain limited circumstances. The performance period will not normally be less than three years or greater than seven years. Awards were made under this scheme on 14 April 2015.

LTIP

The Company and Group recognises an expense for these benefits provided to employees and the amount charged in respect of equity settled share based payments was £0.2m (2014: £1.2m). The Company has granted conditional awards in the form of options over shares or conditional rights to have shares transferred to certain employees under the LTIP (approved at the 2015 Annual General Meeting) over 321,598 (2014: 357,933) ordinary shares of 25p each.

23 Share based payments continued

The weighted average exercise prices (WAEP) and movements in share options during the year are as follows:

Group	2015 Number	WAEP	2014 Number	WAEP	"Nil" options 2015 Number	"Nil" options 2014 Number
Outstanding at 1 January	**937,098**	**£6.42**	898,601	£5.53	**357,933**	476,317
Granted during the year	**37,189**	**£13.98**	99,623	£14.64	**128,184**	86,035
Forfeited during the year	**(30,572)**	**£10.90**	(25,138)	£9.20	**-**	-
Exercised	**(151,470)**	**£4.16**	(35,988)	£4.95	**(164,519)**	(204,419)
Outstanding at 31 December	**792,245**	**£7.03**	937,098	£6.42	**321,598**	357,933
Exercisable at 31 December	**523,306**	**£4.79**	559,364	£4.47	**-**	-

The weighted average share price at the date of exercise for the options exercised was £12.89 (2014: £14.15). For the share options outstanding at 31 December 2015, the weighted average remaining contractual life is 3 years and 4 months (2014: 3 years and 7 months). The weighted average fair value of options granted during the year was £8.64 (2014: £8.12). The range of exercise prices for options outstanding at the end of the year was £3.54 - £14.89 (2014: £3.27 - £14.89).

Company	2015 Number	WAEP	2014 Number	WAEP	"Nil" options 2015 Number	"Nil" options 2014 Number
Outstanding at 1 January	**776,604**	**£5.79**	735,158	£5.12	**172,667**	237,980
Granted during the year	**7,528**	**£13.98**	51,221	£14.87	**86,818**	46,736
Forfeited during the year	**(5,518)**	**£9.88**	-	£0.00	**-**	-
Exercised	**(125,043)**	**£3.90**	(9,775)	£3.43	**(67,391)**	(112,049)
Outstanding at 31 December	**653,571**	**£6.21**	776,604	£5.79	**192,094**	172,667
Exercisable at 31 December	**522,928**	**£4.79**	559,364	£4.47	**-**	-

The weighted average share price at the date of exercise for the options exercised was £12.78 (2014: £14.29). For the share options outstanding at 31 December 2015, the weighted average remaining contractual life is 4 years and 5 months (2014: 4 years and 6 months). The weighted average fair value of options granted during the year was £10.16 (2014: £14.30). The range of exercise prices for options outstanding at the end of the year was £3.54 - £14.89 (2014: £3.27 - £14.89). The fair value of share based payments has been estimated using the Monte Carlo Statistical model for the 2015 ESOS and the Black Scholes model for the other schemes.

The inputs to the models used to determine the valuations fell within the following ranges:

	2015	2014
Dividend yield (%)	**1.6%**	1.5%
Expected life of option (years)	**3 - 7.26**	3 - 7.26
Share price at date of grant	**£13.35 - £13.98**	£13.93 - £14.29
Expected share price volatility (%)	**30%**	25%
Risk free interest rate (%)	**0.73% - 1.10%**	1.30% - 2.12%

24 Business combinations

Year ended 31 December 2015

On 15 January 2015 the Group acquired the entire issued share capital of High Technology Sources Limited (HTSL) for a cash consideration of £2.2m. HTSL provides an extensive range of sealed industrial sources and reference and calibration sources through their exclusive UK distribution agreements and is included in the Group's Specialist Technical division.

On 10 February 2015 the Group acquired the entire issued share capital of the National Hyperbaric Centre Limited (NHC) for an initial cash consideration of £3.5m, with further contingent consideration payable of up to £1.0m based on specific future contracts undertaken post completion. NHC operates hyperbaric testing chambers which are used for testing equipment for the subsea industry. Its services include reception personnel for decompression, subsea equipment testing, training services to the diving industry and hyperbaric welding trials to customers worldwide. It is included in the Specialist Technical division.

On 2 March 2015 the Group acquired the entire issued share capital of Subtech Group Holdings (Pty) Limited (Subtech), for an initial consideration of £3.3m with potential contingent consideration based on profitability between 2015 and 2017 of up to £14.7m. Subtech, which is based in Durban, South Africa, provides marine and subsea services with operations in Namibia and Mozambique, and is included in the Marine Support division.

On 5 May 2015 the Group acquired the entire issued share capital of Mojo Maritime Limited (MML), for an initial consideration of £3.2m. Contingent consideration of up to £0.3m was payable based on profitability for the year ended 31 December 2015. MML provides specialist design and consultancy services in the offshore renewable energy sector and is included in the Specialist Technical division.

On 13 May 2015 the Group acquired the assets and intellectual property rights of X-Subsea UK Holdings Limited (X-Subsea) for a cash consideration of £14.8m. X-Subsea, which is now part of James Fisher Subsea Excavation within Marine Support, operates excavation, trenching and dredging equipment, to the subsea market in the oil and gas, telecoms and renewable energy sectors.

On the 1 November 2015 the Group acquired the remaining 55% beneficial interest of a number of companies, alternatively known as Fendercare Nigeria for an initial consideration of £5.3m with a further £0.7m payable on 31 October 2016. This is included within deferred consideration in the other acquisitions table as the initial consideration was settled in early 2016.

The fair values of the assets and liabilities acquired are set out below:

Subtech	**Book value £000**	**Fair value adjustments £000**	**Total £000**
Intangible assets	-	543	543
Property, plant and equipment	3,267	(497)	2,770
Inventories	134	-	134
Trade and other receivables	2,496	(341)	2,155
Cash and short-term deposits	418	-	418
Trade and other payables	(2,928)	(416)	(3,344)
Interest bearing loans and borrowings	(815)	-	(815)
Deferred tax	-	199	199
Fair value of net assets acquired	2,572	(512)	2,060
Goodwill			11,596
			13,656
Consideration:			
Cash consideration			3,324
Contingent consideration			10,332
			13,656

X-Subsea	**Book value £000**	**Fair value adjustments £000**	**Total £000**
Intangible assets	3,000	-	3,000
Property, plant and equipment	6,472	-	6,472
Inventories	259	-	259
Trade and other receivables	203	(78)	125
Cash and short-term deposits	78	-	78
Trade and other payables	(2,603)	2,166	(437)
Fair value of net assets acquired	7,409	2,088	9,497
Goodwill			5,303
Cash consideration			14,800

Other acquisitions	**Book value £000**	**Fair value adjustments £000**	**Total £000**
Intangible assets	1,049	(243)	806
Property, plant and equipment	5,813	-	5,813
Inventories	566	(80)	486
Trade and other receivables	3,749	(45)	3,704
Cash and short-term deposits	3,044	-	3,044
Trade and other payables	(8,005)	(862)	(8,867)
Interest bearing loans and borrowings	(168)	(492)	(660)
Deferred tax	(132)	(161)	(293)
Fair value of net assets acquired	5,916	(1,883)	4,033
Goodwill arising on acquisitions			13,287
			17,320
Consideration:			
Cash consideration			11,349
Deferred consideration			5,971
			17,320

24 Business combinations continued

The book value of these business combinations has been adjusted for fair value adjustments relating to recognised in respect of intangible assets relating to customer relationships, the write down of irrecoverable debtors and amounts capitalised as intangibles. None of the goodwill is expected to be deductible for income tax purposes.

Cash flow in respect of business combinations	Subtech £000	X Subsea £000	Other £000	Total £000
Cash paid	3,324	14,800	11,349	29,473
Cash and short-term deposits acquired	(418)	(78)	(3,044)	(3,540)
Acquisition of business net of cash acquired	2,906	14,722	8,305	25,933
Interest bearing borrowings acquired	815	-	660	1,475
Acquisition costs	625	249	451	1,325
	4,346	14,971	9,416	28,733

Contribution to Group results

The businesses acquired during the period contributed £1.6m to the Group's profit after tax and £35.8m of revenues. If these businesses had been acquired at the start of the financial year the contribution to Group profit after tax would have been £3.6m with revenue of £55.3m.

Disposals

On the 1 November 2015, the Group disposed of its 100% holding in Strainstall AS for a consideration of £0.1m. The loss on disposal after related costs was £0.7m. On the 17 November 2015, the Group disposed of the assets of the Plymouth branch of Fendercare Limited for a consideration of £0.1m. The loss on disposal after related costs was £0.3m.

25 Loans and borrowings

	Group		Company	
Non-current liabilities	2015 £000	2014 £000	2015 £000	2014 £000
Bank loans	116,550	79,865	116,550	79,865
Finance leases	95	34	-	-
	116,645	79,899	116,550	79,865

	Group		Company	
Current liabilities	2015 £000	2014 £000	2015 £000	2014 £000
Overdrafts	-	-	2,881	23,944
Finance leases	106	54	-	-
	106	54	2,881	23,944

Bank loans

Loans analysed by currency are repayable as follows:

Year ended 31 December 2015

	Group			Company		
Currency	GBP £000	USD £000	Total £000	GBP £000	USD £000	Total £000
Due between one and two years	9,385	7,802	17,187	9,385	7,802	17,187
Due between two and five years	89,525	9,838	99,363	89,525	9,838	99,363
	98,910	17,640	116,550	98,910	17,640	116,550

Year ended 31 December 2014

	Group			Company		
Currency	GBP £000	USD £000	Total £000	GBP £000	USD £000	Total £000
Due between one and two years	12,273	-	12,273	12,273	-	12,273
Due between two and five years	46,138	7,054	53,192	46,138	7,054	53,192
Due after more than five years	14,400	-	14,400	14,400	-	14,400
	72,811	7,054	79,865	72,811	7,054	79,865

The interest rates charged during the year ranged from 1.6% to 2.2% (2014: 1.75% to 2.5%). There were no loans secured against the assets of the Group or Company in the current or prior period.

Obligations under finance leases and hire purchase contracts

Group

The Group uses finance leases in respect of certain items of plant and equipment. The minimum future lease payments due under finance leases and hire purchase contracts are as follows:

	Group	
	2015 £000	2014 £000
Future minimum payments due:		
Within one year	**129**	65
Within two to five years	**117**	38
	246	103
Less: finance charges allocated to future periods	**(45)**	(15)
	201	88
Present value of minimum lease payments is analysed as follows:		
Within one year	**106**	54
Within two to five years	**95**	34
	201	88

Company

The Company does not have any outstanding finance lease commitments.

26 Reconciliation of net debt

Net debt comprises interest bearing loans and borrowings less cash and cash equivalents.

Group	**1 January 2015 £000**	**Cash flow £000**	**Other non cash £000**	**Exchange movement £000**	**31 December 2015 £000**
Cash in hand and at bank	**17,719**	**5,745**	**-**	**(502)**	**22,962**
Debt due after 1 year	**(79,965)**	**(35,807)**	**1,276**	**(2,154)**	**(116,650)**
Finance leases	**(88)**	**102**	**(247)**	**32**	**(201)**
Net debt	**(62,334)**	**(29,960)**	**1,029**	**(2,624)**	**(93,889)**

	1 January 2014 £000	Cash flow £000	Other non cash £000	Exchange movement £000	31 December 2014 £000
Cash in hand and at bank	23,982	(5,177)	-	(1,086)	17,719
Debt due after 1 year	(78,049)	(1,720)	53	(249)	(79,965)
Finance leases	(211)	546	(429)	6	(88)
Net debt	(54,278)	(6,351)	(376)	(1,329)	(62,334)

27 Financial instruments

Capital management

The primary objective of the Group's capital management policy is to maintain a strong credit rating and covenant ratios in order to be able to support the continued growth of its trading businesses and so maximise shareholder value. The Group meets its day to day working capital requirements through operating cash flows, with borrowings in place to fund acquisitions and capital expenditure. At 31 December 2015 the Group had £67.4m (2014: £81.4m) of undrawn committed facilities of which £20.0m expires within twelve months.

The Group is required under the terms of its loan agreements to maintain covenant ratios in respect of net debt to earnings before interest and depreciation and amortisation (EBITDA), net interest costs to earnings before interest (EBIT) and EBIT and operating lease costs to net interest and operating lease costs. The Group met its covenant ratios for the year ended 31 December 2015. The Directors have prepared forecasts of the cash flows for the subsequent eighteen month period which indicate that taking into account the factors noted above the Group will meet its covenant requirements for this period. The total amount that it is able to borrow under existing revolving credit facilities is limited to a maximum of £165m (2014: £150m).

27 Financial instruments continued

The Group manages its capital structure so as to maintain investor, supplier and market confidence and to provide returns to shareholders that will support the future development of the business. Capital is monitored by measuring the gearing ratio which is a measure derived from net debt divided by capital. Net debt comprises interest bearing loans and borrowings less cash and cash equivalents. Capital represents net equity attributable to the equity holders of the parent. Return on capital employed is also monitored. The Group's dividend policy is based on the expected growth in sustainable income streams after making provision for the retention of capital to invest in growth and acquisitions. In evaluating growth investment opportunities the Group has a target of a 15% return on the capital invested.

	2015 £000	2014 £000
Interest bearing loans and borrowings	116,751	79,953
Less cash and cash equivalents	(22,962)	(17,719)
Net debt	93,789	62,234
Equity attributable to the equity holders of the parent	218,007	202,754
Gearing ratio	43.0%	30.7%

The reasons for the change in gearing over the previous year are discussed in the Strategic report on pages 1 to 23.

The Group has exposure to the following risks:

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. These arise principally from the Group's receivables from customers and from cash balances held with financial institutions. The carrying amount of financial assets represents the maximum credit exposure. There are no significant concentrations of credit risk within the Group. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the industry and country in which each customer operates. The Group has a number of large customers including government agencies in the UK and overseas, major oil companies and other multinational corporations. The ten largest customers of the Group accounted for approximately 33% of Group revenue (2014: 37%). No customer accounted for more than 7% (2014: 7%) of Group revenue. New customers are subject to creditworthiness checks and credit limits are subject to approval by senior management. Goods are sold subject to retention of title clauses so that in the event of non-payment the Group may have a secured claim.

The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Available for sale financial assets	1,478	1,478	1,368	1,368
Receivables	130,081	108,142	7,622	4,385
Cash and cash equivalents	22,962	17,719	7,629	402
Interest rate swaps used for hedging:				
Assets	2	49	2	49
	154,523	127,388	16,621	6,204

Trade receivables are non-interest bearing and are generally on 30 to 60 days terms. At 31 December the value of trade debtors outstanding was:

	Group			
	2015		2014	
	gross £000	allowance £000	gross £000	allowance £000
Not past due	31,413	-	43,665	-
Past due	39,005	(1,319)	26,074	(815)
	70,418	(1,319)	69,739	(815)

	Group		Company	
	gross 2015 £000	gross 2014 £000	gross 2015 £000	gross 2014 £000
Not yet due	31,413	43,665	-	14
Overdue 1 to 30 Days	16,322	11,257	-	-
Overdue 31 to 60 Days	9,323	5,647	-	-
Overdue 61 to 90 Days	6,406	2,382	-	-
Overdue more than 90 Days	6,954	6,788	-	-
	70,418	69,739	-	14

The movement in the provision for impairment of trade receivables is as follows:

	Group	
	2015 £000	2014 £000
Balance at 1 January	**815**	1,074
Exchange differences	**(2)**	(1)
On acquisition of subsidiaries	**442**	76
Provided in the year	**549**	247
Recoveries	**(103)**	(343)
Write offs	**(382)**	(238)
	1,319	815

The Group considers that the trade receivables that have not been provided against and are past due by more than 30 days are still collectible based on historic payment behaviour and extensive analysis of underlying customers' credit ratings. Based on historic default rates, the Group believes that apart from the amounts included in the table above, no impairment allowance is necessary in respect of trade receivables. There is no provision for impairment of trade receivables in the Company.

(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 manages its cash resources to ensure that it will have sufficient liquidity to meet its liabilities as they fall due but in a manner designed to maximise the benefit of those resources whilst ensuring the security of investment resources.The Group forecasts the profile of its cash requirements on a monthly basis and ensures that sufficient facilities are available to meet peak requirements which occur at predictable times in the year. The Group manages the maturity profile of its borrowings by maintaining a regular dialogue with its lenders and ensuring that it commences the renegotiation of facilities sufficiently early to allow a comprehensive review of its requirements before completion.

The Group's revolving credit facilities extend over several accounting periods and fall due for renewal in different accounting periods ensuring that the Group negotiations with individual lenders follow an orderly process which does not expose the Group to the possibility of a significant reduction in available facilities in a single period. At 31 December 2015, the Group had available £67.4m (2014: £81.4m) of undrawn committed bank facilities.

The following are the contractual maturities of financial liabilities, including interest payments:

31 December 2015

Group	**Carrying amount £000**	**Contractual cash flows £000**	**Within 1 year £000**	**1 - 2 years £000**	**2 - 5 years £000**
Non-derivative financial liabilities:					
Unsecured bank loans	**116,550**	**(125,649)**	**(11)**	**(17,396)**	**(108,242)**
Finance lease liabilities	**201**	**(201)**	**(106)**	**(95)**	**-**
Trade and other payables	**107,540**	**(107,540)**	**(107,540)**	**-**	**-**
Derivative financial liabilities:					
Interest rate swaps used for hedging	**(541)**	**(965)**	**(301)**	**(301)**	**(363)**
Forward exchange contracts used for hedging:					
Outflow	**(905)**	**(34,823)**	**(31,203)**	**(3,620)**	**-**
	222,845	**(269,178)**	**(139,161)**	**(21,412)**	**(108,605)**

31 December 2014

Group	Carrying amount £000	Contractual cash flows £000	Within 1 year £000	1 - 2 years £000	2 - 5 years £000	More than 5 years £000
Non-derivative financial liabilities:						
Unsecured bank loans	79,865	(87,775)	(2,433)	(14,002)	(56,907)	(14,433)
Finance lease liabilities	88	(88)	(54)	(34)	-	-
Trade and other payables	97,059	(97,059)	(97,059)	-	-	-
Derivative financial liabilities:						
Interest rate swaps used for hedging	(651)	(1,723)	(577)	(323)	(808)	(15)
Forward exchange contracts used for hedging						
Outflow	1,664	(1,563)	(1,563)	-	-	-
Inflow	(23)	13,564	13,564	-	-	-
	178,002	(174,644)	(88,122)	(14,359)	(57,715)	(14,448)

27 Financial instruments continued

31 December 2015

Company	**Carrying amount £000**	**Contractual cash flows £000**	**Within 1 year £000**	**1 - 2 years £000**	**2 - 5 years £000**
Non-derivative financial liabilities:					
Unsecured bank loans	**116,550**	**(125,649)**	**(11)**	**(17,396)**	**(108,242)**
Trade and other payables	**8,887**	**(8,887)**	**(8,887)**	**-**	**-**
Derivative financial liabilities:					
Interest rate swaps used for hedging	**(541)**	**(965)**	**(301)**	**(301)**	**(363)**
Forward exchange contracts used for hedging:					
Outflow	**(905)**	**(34,823)**	**(31,203)**	**(3,620)**	**-**
	123,991	**(170,324)**	**(40,402)**	**(21,317)**	**(108,605)**

31 December 2014

Company	Carrying amount £000	Contractual cash flows £000	Within 1 year £000	1 - 2 years £000	2 - 5 years £000	More than 5 years £000
Non-derivative financial liabilities:						
Unsecured bank loans	103,809	(111,719)	(26,377)	(14,002)	(56,907)	(14,433)
Trade and other payables	17,055	(17,055)	(17,055)	-	-	-
Derivative financial liabilities:						
Interest rate swaps used for hedging	(651)	(1,146)	(323)	(323)	(500)	-
Forward exchange contracts used for hedging:						
Outflow	1,664	(1,563)	(1,563)	-	-	-
Inflow	(23)	13,564	13,564	-	-	-
	121,854	(117,919)	(31,754)	(14,325)	(57,407)	(14,433)

(c) Foreign exchange risk

The Group is exposed to foreign currency risks on sales, purchases, cash and borrowings denominated in currencies other than Sterling. These transactional exposures are exposed to movement in mainly the US Dollar and the Euro. The Group uses forward exchange contracts to hedge its transactional exposures. Most forward exchange contracts have maturities of less than one year after the balance sheet date. Forward exchange contracts which qualify as effective cash flow hedges are stated at fair value. The principal translation exposure relates to the Norwegian Kroner.

The Group's exposure to foreign currency risk in its principal currencies was as follows based on notional amounts:

	31 December 2015						31 December 2014					
	USD 000	**EUR 000**	**NOK 000**	**SGD 000**	**AUD 000**	**AKZ 000**	USD 000	EUR 000	NOK 000	SGD 000	AUD 000	AKZ 000
Trade receivables	**20,981**	**2,826**	**-**	**-**	**-**	**3,324**	44,282	2,649	53,271	9,205	4,731	-
Cash at bank and in hand	**1,113**	**1,719**	**41**	**(179)**	**98**	**1,471,473**	19,569	6,569	3,736	2,027	11,186	589,914
Unsecured bank loans	**-**	**-**	**-**	**-**	**-**	**-**	(11,000)	-	-	-	-	-
Trade payables	**(2,083)**	**(2,826)**	**(4,142)**	**(129)**	**13**	**(5,386)**	(10,618)	(5,639)	(14,796)	(2,911)	(1,503)	(318,553)
Gross balance sheet exposure	**20,011**	**1,719**	**(4,101)**	**(308)**	**111**	**1,469,411**	42,233	3,579	42,211	8,321	14,414	271,361
Forecast sales	**140,977**	**17,607**	**-**	**565**	**-**	**-**	20,113	1,190	29,050	2,051	4,886	-
Forecast purchases	**(62,499)**	**(22,256)**	**(1,352)**	**(1,187)**	**(17)**	**-**	(9,510)	(1,550)	(9,055)	(1,830)	(2,265)	-
Gross exposure	**98,489**	**(2,930)**	**(5,453)**	**(930)**	**94**	**1,469,411**	52,837	3,219	62,206	8,542	17,035	271,361
Forward exchange contracts	**(51,326)**	**-**	**-**	**-**	**-**	**-**	(22,668)	1,956	-	-	-	-
Net exposure	**47,163**	**(2,930)**	**(5,453)**	**(930)**	**94**	**1,469,411**	30,169	5,175	62,206	8,542	17,035	271,361

At 31 December 2015 the Group's cash balances included £7.4m (2014: £3.7m) denominated in Angolan Kwanza and held in James Fisher Angola Limitada. A change in Angolan legislation effective from 1 July 2013 required in-country monetary transfers to be transacted in local currency. Exchange control regulations can potentially impact the transferability of cash balances in certain countries of operation.

Changes in the level of exchange rates will have an impact on consolidated earnings. The following table shows the impact on earnings of a 5% strengthening in the exchange rate in the Group's key currencies against Sterling. The obverse movements would be of the same magnitude. These amounts have been calculated by applying changes in exchange rates to the Group's foreign currency profits and losses and to financial instruments denominated in foreign currency.

	2015		2014	
	Equity £000	**Income statement £000**	Equity £000	Income statement £000
US Dollar	**(1,874)**	**(3,972)**	(1,433)	(3,477)
Norwegian Kroner	**31**	**54**	(246)	(140)
Euro	**(77)**	**(253)**	(131)	266
UAE Dirham	**(454)**	**(46)**	(365)	(44)
Singapore Dollar	**(331)**	**(309)**	(408)	(251)
Australian Dollar	**(327)**	**25**	(411)	(160)
Malaysian Ringgit	**(57)**	**(48)**	(40)	18
South African Rand	**(50)**	**(231)**	-	-
	(3,139)	**(4,780)**	(3,034)	(3,788)

(d) Interest rate risk

The Group uses interest rate swaps to convert interest rates on certain borrowings from floating rates to fixed hedge exposure to fluctuations in interest rates. The interest rate profile of the Group's financial assets and liabilities are set out in the table below.

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Fixed rate instruments:				
Financial liabilities	**(100)**	(100)	**(100)**	(100)
Variable rate instruments:				
Financial assets	**22,962**	17,719	**7,629**	402
Financial liabilities	**(116,550)**	(79,865)	**(119,431)**	(103,809)
	(93,588)	(62,146)	**(111,802)**	(103,407)

Where hedging criteria are met the Group classifies interest rate swaps as cash flow hedges and states them at fair value. Over the longer term permanent changes in interest rates would have an impact on consolidated earnings. At 31 December 2015 a general increase of one percentage point would have had the following impact:

	2015 Income statement £000	2014 Income statement £000
Variable rate instruments	**(936)**	(621)
Interest rate swap	**310**	310
Cash flow sensitivity	**(626)**	(311)

(e) Fair values

There are no material differences between the book value of financial assets and liabilities and their fair value other than set out below.

		2015		2014	
Group	Notes	**Carrying value £000**	**Fair value £000**	Carrying value £000	Fair value £000
Liabilities carried at amortised cost:					
Unsecured bank loans	25	**(116,550)**	**(115,962)**	(79,865)	(74,727)
Trade and other payables	21	**(107,540)**	**(107,540)**	(87,973)	(87,973)
Finance leases	25	**(201)**	**(192)**	(88)	(90)
Preference shares	19	**(100)**	**(100)**	(100)	(100)
		(224,391)	**(223,794)**	(168,026)	(162,890)

27 Financial instruments continued

Company	Notes	2015 Carrying value £000	2015 Fair value £000	2014 Carrying value £000	2014 Fair value £000
Liabilities carried at amortised cost:					
Overdrafts	25	**(2,881)**	**(2,881)**	(23,944)	(23,944)
Unsecured bank loans	25	**(113,669)**	**(113,081)**	(79,865)	(74,727)
Trade and other payables	21	**(8,887)**	**(8,887)**	(17,055)	(17,055)
Preference shares	19	**(100)**	**(100)**	(100)	(100)
		(125,537)	**(124,949)**	(120,964)	(115,826)

Fair value has been determined by reference to the market value at the balance sheet date or by discounting the relevant cash flows using current interest rates for similar instruments. The fair value of the financial assets has been assessed by the Directors with reference to the current prospects of the investments and risks associated with those prospects.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of inputs used in making measurements of fair value. The fair value hierarchy has the following levels:

(a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) 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); and

(c) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments carried at fair value are all level 2 as set out below:

Group	Level 2 2015 £000	Level 2 2014 £000
Financial assets measured at fair value:		
Forward exchange contracts - cash flow hedges	**2**	49
Financial liabilities measured at fair value:		
Forward exchange contracts - cash flow hedges	**(901)**	(1,685)
Forward exchange contracts - other derivatives	**(6)**	(6)
Interest rate swaps - cash flow hedges	**(541)**	(651)
Financial liabilities not measured at fair value:		
Unsecured bank loans	**(115,962)**	(74,727)
Finance leases	**-**	(90)
	(117,410)	(77,159)
	(117,408)	(77,110)

Company	Level 2 2015 £000	Level 2 2014 £000
Financial assets measured at fair value:		
Forward exchange contracts - cash flow hedges	**2**	49
Financial liabilities measured at fair value:		
Forward exchange contracts - cash flow hedges	**(901)**	(1,685)
Forward exchange contracts - other derivatives	**(6)**	(6)
Interest rate swaps - cash flow hedges	**(541)**	(651)
Financial liabilities not measured at fair value:		
Unsecured bank loans	**(113,081)**	(74,727)
	(114,529)	(77,069)
	(114,527)	(77,020)

There have been no transfers between categories during the period. The fair value of interest rate swap contracts and forward exchange contracts are calculated by management based on external valuations received from the Group's bankers and is based on forward exchange rates and anticipated future interest yields respectively.

Fair value hedges - Group & Company

At 31 December 2015 and 31 December 2014 the Group did not have any outstanding fair value hedges.

Cash flow hedges - Group & Company

At 31 December 2015 the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars and Euro. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £000
Sell US$ 51,325,998	**January 2016-February 2017**	**1.51**	**(845)**
Buy Eur 906,000	**January 2016**	**1.30**	**(54)**

At 31 December 2014 the Group and Company held forward currency contracts designated to hedge future commitments in US Dollars and Euro. The terms of the contracts are as follows:

	Maturity	Exchange rate	Fair value £000
Sell US$ 22,668,000	January 2015-February 2016	1.76	(1,659)
Buy Eur 1,955,587	April 2015-January 2016	1.25	(7)

The foreign exchange contracts have been negotiated to match the expected profile of receipts. At 31 December 2015 these hedges were assessed to be highly effective and an unrealised loss of £0.8m (2014: £2.6m) relating to the hedging instruments is included in equity.

Interest rate swaps

The Group and Company entered into interest rate swap contracts in respect of Sterling denominated debt to swap a variable rate liability for a fixed rate liability. These instruments have been allocated against the Group and Company debt in the tables shown above. Details of the contracts and their fair values at 31 December are set out below:

	Amount				Fair value	
	2015 £000	2014 £000	Maturity	Fixed rate %	**2015 £000**	2014 £000
Sterling interest rate swaps	**31,000**	31,000	30 January 2017 to 30 January 2019	1.03% - 3.71%	**(541)**	(651)

Derivative financial instruments not qualifying as hedges

At 31 December 2015 and 31 December 2014 the Group did not hold any derivative financial instruments which did not qualify for hedge accounting.

28 Commitments and contingencies

Operating leases

The Group has entered into leases on certain properties, vessels, plant and motor vehicles. These leases have a life of between one and ten years and are renewable at the option of the lessee. The future minimum rentals payable under non-cancellable operating leases at 31 December are as follows:

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Within one year	**14,257**	13,101	**194**	205
After one year but not more than five years	**19,504**	16,811	**311**	243
After five years	**7,563**	10,499	**523**	5
	41,324	40,411	**1,028**	453

Capital commitments

At 31 December capital commitments for which no provision has been made in these accounts amounted to:

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
	928	3,895	**-**	-

Contingent liabilities

(a) In the ordinary course of the Company's business, counter indemnities have been given to bankers in respect of custom bonds, foreign exchange commitments and bank guarantees.

(b) A Group VAT registration is operated by the Company and 28 Group undertakings in respect of which the Company is jointly and severally liable for all amounts due to HM Revenue & Customs under the arrangement.

28 Commitments and contingencies continued

(c) A guarantee has been issued by the Group and Company to charter parties in respect of obligations of a subsidiary, James Fisher Everard Limited, in respect of charters relating to seven vessels. The charters expire between 2016 and 2017.

(d) Subsidiaries of the Group have issued performance and payment guarantees to third parties with a total value of £5.9m (2014: £4.7m).

(e) The Group is liable for further contributions in the future to the MNOPF and MNRPF if additional actuarial deficits arise or if other employers liable for contributions are not able to pay their share. The Group and Company remains jointly and severally liable for any future shortfall in recovery of the deficit.

(f) The Group has given an unlimited guarantee to the Singapore Navy in respect of the performance of First Response Marine Pte Ltd, its Singapore joint venture, in relation to the provision of submarine rescue and related activities.

(g) In the normal course of business, the Company and certain subsidiaries have given parental and subsidiary guarantees in support of loan and banking arrangements.

29 Related party transactions

Transactions with related parties

Company

The Company has entered into transactions with its subsidiary undertakings primarily in respect of the provision of accounting services, finance and the provision of share options to employees of subsidiaries. The amount outstanding from subsidiary undertakings to the Company at 31 December 2015 was £143.1m (2014: £118.8m). Amounts owed to subsidiary undertakings by the Company at 31 December 2015 totalled £5.1m (2014: £12.9m). The Company has had no expense in respect of bad or doubtful debts of subsidiary undertakings in the year (2014: £nil).

Group

FCM businesses

The Group has interests of between 40% and 50% in several joint ventures providing ship-to-ship transfer services in Northern Europe and Asia through its wholly owned subsidiary, Fendercare Marine Services Limited. Details of transactions with the FCM businesses are set out below.

First Response Marine

The Group holds through its James Fisher Marine Services subsidiary (JFMS) a 50% interest in First Response Marine Pte Ltd (FRM). FRM provides submarine rescue services to the Singapore government under a 20 year service contract which commenced in March 2009. FRM subcontracts part of the provision of the submarine rescue service to JFMS's subsidiary, James Fisher Singapore Pte Ltd. JFMS has also provided a loan to FRM of £1.8m to support its day to day operations. The loan which is included in the Group balance sheet as part of the investment in joint ventures is interest bearing and is repayable at the end of the project. Interest charged in the period amounted to £0.1m (2014: £0.1m). Dividends received or receivable during the period included in the results of the Group are £0.6m (2014: £0.5m).

DivexDomeyer

The Group, through its JFD Limited subsidiary has a 50% stake in DivexDomeyer, an entity which provides in-service support and aftermarket services to customers in Germany. Details of equipment sales to this entity are set out in the table below.

Eurotestconsult

The Group through its Testconsult Limited subsidiary, has a 50% stake in Eurotestconsult, an entity which provides testing services to customers in Europe. Details of service sales and recharges for labour and subcontractor works to this entity are set out in the table below.

James Fisher Angola

Loans totalling £2.2m have been advanced by James Fisher Angola Limitada to Bouclier Limitada a company controlled by the Group's joint venture partner. The loans which are unsecured and do not carry interest, represent an advance payment in respect of the borrower's future entitlement to dividends from James Fisher Angola Limitada.

Details of the transactions carried out with related parties are shown in the table below:

		Services to related parties £000	Sales to related parties £000	Purchases from related parties £000	Amounts owed by related parties £000	Amounts owed to related parties £000
FCM businesses	**2015**	**-**	**1,848**	**733**	**370**	**289**
	2014	-	9,332	658	5,159	1,506
First Response Marine	**2015**	**735**	**2,979**	**170**	**828**	**-**
	2014	603	2,629	228	661	-
DivexDomeyer	**2015**	**-**	**228**	**-**	**66**	**-**
	2014	-	368	-	111	-
Eurotestconsult	**2015**	**-**	**921**	**-**	**207**	**-**
	2014	-	1,061	-	137	-

No provision for bad debts has been made in respect of these balances (2014: £nil). No bad debts arose during the period relating to these transactions (2014: £nil).

All transactions with related parties are priced on an arms length basis on terms equivalent to those provided to wholly external parties.

30 Significant accounting policies

The principal accounting policies, which have been applied consistently throughout the year and the preceding year, are set out below. During the year the Company and Group have adopted the amendments to IAS 19, Defined Benefit Plans: Employee Contributions which has had no financial impact.

30.1 Basis of preparation of the consolidated financial statements

The results of subsidiaries are consolidated for the periods from or to, which control has passed. Control exists when the Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. Acquisitions are accounted for under the purchase method of accounting from the acquisition date, which is the date on which control is passed to the Group. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income and expenses are eliminated in the consolidated financial statements.

Payment for the future services from employees or former owners are expensed. Any payments to employees or former owners in respect of the acquisition of the business are capitalised. This is carefully managed during the acquisition process so that former owners and/or employees do not receive any incentive payments during an earn out period.

Joint arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements 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.

Any investment in joint ventures is carried in the balance sheet at cost plus the Group's post acquisition share in the change in net assets of the joint ventures, less any impairment provision. The income statement reflects the Group's share of the post tax result of the joint ventures. The Group's share of any changes recognised by the joint venture in other comprehensive income are also recognised in other comprehensive income.

Non-controlling interests

Non-controlling interests represent the proportion of profit or loss and net assets not held by the Group and are presented separately in the income statement and in the consolidated statement of financial position. On the acquisition of non-controlling interests, the difference between the consideration paid and the fair value of the share of net assets acquired is recognised in equity. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Company investments in subsidiaries and joint ventures

In its separate financial statements the Company recognises its investments in subsidiaries and joint ventures at cost. Income is recognised from these investments when its right to receive the dividend is established.

30.2 Foreign currency

(a) Group

The financial statements of subsidiary undertakings are prepared in their functional currency which is the currency of the primary economic environment in which they operate. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into UK Sterling, which is the Group's presentational currency.

(i) Foreign currency transactions in functional currency

Transactions in currencies other than the entities functional currency are initially recorded at rates of exchange prevailing on the date of the transaction. At each subsequent balance sheet date:

(i) Foreign currency monetary items are retranslated at rates prevailing on the balance sheet date and any exchange differences recognised in the income statement;

(ii) Non-monetary items measured at historical cost are not retranslated;

(iii) Non-monetary items measured at fair value are retranslated using exchange rates at the date the fair value was determined. Where a gain or loss is recognised directly in equity, any exchange component is also recognised in equity and conversely where a gain or loss is recognised in the income statement, any exchange component is recognised in the income statement.

(ii) Net investment in foreign operations

Exchange differences arising on monetary items forming part of the Group's net investment in overseas subsidiary undertakings, which are denominated in the functional currency of the subsidiary undertaking, are taken directly to the translation reserve and subsequently recognised in the consolidated income statement on disposal of the net investment. Exchange differences on foreign currency borrowings, to the extent that they are used to provide an effective hedge against Group equity investments in foreign currency, are taken directly to the translation reserve.

(iii) Translation from functional currency to presentational currency

The assets and liabilities of operations, where the functional currency is different from the Group's presentational currency are translated at the period end exchange rates. Income and expenses are translated at the average exchange rate for the reporting period. All other exchange differences on transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Resulting exchange differences are recognised in the consolidated statement of other comprehensive income. Tax charges and credits attributable to exchange differences included in the reserve are also dealt with in the translation reserve.

30 Significant accounting policies continued

(b) Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on settlement of monetary items or on the retranslation of monetary items at rates different from those at which they were initially recognised, are taken to the income statement.

All exchange differences on assets and liabilities denominated in foreign currencies are taken to the income statement, other than investments in foreign operations and foreign currency borrowings used to hedge those investments, where exchange differences are taken to the translation reserve.

30.3 Financial instruments

(a) Loans and receivables

These comprise non-derivative financial assets such as trade receivables, with fixed or determinable payments, that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method if the time value of money has a significant impact on their value less any impairment losses. Gains and losses are recognised in the income statement when the loans or receivables are derecognised, impaired or amortised.

If in a subsequent period the factors which indicated the original decision to impair the asset cease to exist, then the previously recognised impairment loss is reversed subject to the revised carrying value of the asset not exceeding its amortised cost at the date the impairment is reversed. Any reversal of an impairment loss is recognised in the income statement.

(b) Available for sale financial assets

Available for sale financial assets are non-derivatives that are included as non-current assets unless intended to be disposed of within twelve months of the balance sheet date. After initial recognition, they are measured at fair value with gains and losses being recognised in the statement of other comprehensive income until the investment is derecognised or deemed to be impaired, at which point the cumulative gain or loss previously reported in equity is included in the income statement in the period in which it arises. Any impairment loss in respect of an available for sale asset is transferred from other comprehensive income to the income statement and any reversal of impairment losses is not recognised in the income statement.

Where investments are held in unlisted equity shares where there is no active market the investment is held at cost and is subject to an annual impairment review.

(c) Derivative financial instruments

Derivative financial instruments are classified as held for trading unless they are designated as hedging instruments. Assets are carried in the balance sheet at fair value with gains or losses recognised in the income statement unless designated as a hedging instrument.

The Group is exposed to foreign exchange risk arising from currency exposures, primarily relating to the US Dollar, Euro and Norwegian Kroner. It is also exposed to the risk of interest rate changes in its borrowings. The Group uses derivative financial instruments to manage risk, in the form of foreign currency contracts, to manage foreign exchange risk and interest rate swaps to reduce exposure to interest rate movements.

The Group does not hold or issue derivative financial instruments for speculative purposes. All derivatives are initially recognised at fair value on the date that the derivative contract is entered into and are subsequently re-measured at their fair value at the balance sheet date. Fair value is calculated by reference to current forward exchange contracts with similar maturity profiles, and for interest rate swaps determined by reference to market values for similar instruments. The recognition of the gains or losses arising on these movements in fair value depends on whether a derivative is designated as a hedge and if so, the nature of the item being hedged.

The Group recognises two classes of hedges for derivative financial instruments:

- Hedges of the fair value of recognised assets or liabilities or an unrecognised firm commitment (fair value hedge);
- Hedges of highly probable forecast transactions or recognised assets or liabilities (cash flow hedge).

(i) Cash flow hedges

Cash flow hedges can include forward foreign currency contracts if the instrument is related to a foreign currency risk of a firm commitment, it involves the same currency as the hedged item; and it reduces the risk of foreign currency exchange movements on the Group's operations.

Cash flow hedges may also include interest rate swaps where the instrument is related to a recognised asset or a liability and it changes the character of the interest rate by converting a variable rate to a fixed rate.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges are recognised in the consolidated statement of other comprehensive income. Gains or losses arising on any portion deemed to be ineffective are recognised immediately in the income statement.

Where the hedge relates to a firm commitment or forecast transaction which subsequently results in the recognition of an asset or liability, the cumulative gain or loss relating to that item is removed from equity and included in the initial measurement of the asset or liability. Otherwise the cumulative amount is removed from equity and recognised in the income statement at the same time as the related movements on the hedged transaction.

When the term of the hedging instrument expires or it is sold, or where the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss included in other comprehensive income is retained in equity until either the related forecast transaction occurs, in which case it is recognised in accordance with the policy stated above, or if the hedged transaction is not expected to take place, it is recognised immediately in the income statement.

(ii) Fair value hedges

Where a derivative is designated as a hedge of the variability in the fair value of an asset or liability it is designated as a fair value hedge. Changes in the fair value of these derivatives are recorded in the income statement at the same time as the related movements in the hedged asset or liability.

(iii) Interest-bearing loans and other borrowings

All interest-bearing loans and other borrowings are initially recorded at fair value, which represents the fair value of the consideration received net of any issue costs associated with other borrowings. Finance charges, including any premiums payable on settlement or redemption of debt instruments including preference shares and the direct costs of issue, are accounted for on an amortised cost basis in the income statement. Charges are calculated using the effective interest method, and are recognised in the income statement over the term of such instruments at a constant rate on the carrying amount.

(iv) Other

Changes in the fair value of any derivatives which do not qualify for hedge accounting under any of the criteria outlined above are recognised immediately in the income statement. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined using assumptions based on market conditions at the balance sheet date or discounted cash flow techniques.

(d) Cash and cash equivalents

Cash and short-term deposits included in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less from the original acquisition date. Cash and cash equivalents included in the cash flow statement comprise cash and short-term deposits, net of bank overdrafts.

30.4 Intangible assets

Intangible assets excluding goodwill arising on a business combination, are stated at cost or fair value less any provision for impairment.

Intangible assets assessed as having finite lives are amortised over their estimated useful economic life and are assessed for impairment whenever there is an indication that they are impaired. Amortisation charges are on a straight line basis and recognised in the income statement. Estimated useful lives are as follows:

Development costs	5 years or over the expected period of product sales, if less
Intellectual property	3 to 20 years
Patents and licences	5 years or over the period of the licence, if less
Other intangibles	5 years

(a) Goodwill arising on a business combination

Goodwill arising on the acquisition of a subsidiary represents the excess of the aggregate of the fair value of the consideration over the aggregate fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

Costs related to an acquisition, other than those associated with the issue of debt or equity securities incurred in connection with a business combination, are expensed to the income statement. The carrying value of goodwill is reviewed annually for impairment but more regularly if events or changes in circumstances indicate that it may be impaired. When an impairment loss is recognised it is not reversed in a subsequent accounting period, even if the circumstances which led to the impairment cease to exist.

(b) Acquired intangible assets

Intangible assets that are acquired as a result of a business combination including but not limited to customer relationships, supplier lists, patents and technology and that can be separately measured at fair value on a reliable basis are recorded initially at fair value and amortised over their expected useful life. Amortisation is expensed to the consolidated income statement.

30.5 Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any provision for impairment losses. Refit costs relating to vessels are capitalised when incurred and amortised over their estimated useful economic life of 30 months. UK cost comprises expenditure incurred during construction, delivery and modification. Where a substantial period of time is required to bring an asset into use, attributable finance costs are capitalised and included in the cost of the relevant asset.

Depreciation is provided to write-off the cost of property, plant and equipment to their residual value in equal annual instalments over their estimated useful lives, as follows:

Freehold property	40 years
Leasehold improvements	25 years or the period of the lease, if shorter
Plant and equipment	Between 5 and 20 years
Vessels	Between 10 and 25 years

No depreciation is charged on assets under construction.

Residual values of vessels are set initially at 20% of purchase cost or fair value at acquisition, which the Directors believe to be an approximation of current residual values. Residual values and estimated remaining lives are reviewed annually by the Directors and adjusted if appropriate to reflect the relevant market conditions and expectations, obsolescence and normal wear and tear.

30 Significant accounting policies continued

30.6 Impairment of tangible and intangible assets

At each reporting date the Group assesses whether there are any indications that an asset has been impaired. If any indication exists, an estimate of the recoverable amount of the asset is made which is determined as the higher of its fair value less costs to sell and its value in use. These calculations are determined for an individual asset unless that asset does not generate cash inflows independently from other assets, in which case its value is determined as part of that group of assets. To assess the value in use, estimated future cash flows relating to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

(a) Impairment of goodwill

Goodwill acquired in a business combination is allocated against the appropriate combination of business units deemed to obtain advantage from the benefits acquired with the goodwill. These are designated as cash generating units (CGU). Impairment is then assessed by comparing the recoverable amount of the relevant CGU with the carrying value of the CGU's goodwill. Recoverable amount is measured as the higher of the CGU's fair value less cost to sell and the value in use. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised in the income statement. An impairment loss for goodwill is not reversed in a subsequent period.

(b) Impairment of tangible and other intangible assets

If any indication of a potential impairment exists, the recoverable amount is estimated to determine the extent of any impairment loss. Assets are grouped together for this purpose at the lowest level for which there are separately identifiable cash flows.

(c) Research and development costs

Research expenditure is expensed in the income statement as incurred.

Expenditure on development which represents the application of research to the development of new products or processes is capitalised provided that specific projects are identifiable, technically feasible, and the Group has sufficient resources to complete development. The useful life of projects meeting the criteria for capitalisation is determined on a project by project basis. Capitalised development expenditure is measured at cost and amortised over its expected useful life on a straight line basis. Other development costs are recognised in the income statement as incurred.

If an event occurs after the recognition of an impairment that leads to a decrease in the amount of the impairment loss previously recognised the impairment loss is reversed. The reversal is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

30.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables stores and finished goods for sale are stated at purchase cost on a first in first out basis. Work in progress and finished goods are stated at the cost of direct materials and labour plus attributable overheads allocated on a systematic basis based on a normal level of activity. Net realisable value is based on estimated selling price less the estimated costs of completion and sale or disposal.

30.8 Taxation

Corporation tax is provided on taxable profits from activities not qualifying for tonnage tax relief and is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected corporation tax payable or receivable in respect of the taxable profit for the year using tax rates enacted or substantively enacted at the balance sheet date, less any adjustments to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities included in the financial statements and the amounts used for tax purposes, that will result in an obligation to pay more, a right to pay less or to receive more tax, with the following exceptions:

- No provision is made where a deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination that at the time of the transaction affect neither accounting nor taxable profit; and
- No provision is made for deferred tax that would arise on all taxable temporary differences associated with investments in subsidiaries and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that the Directors consider that it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences and unused tax losses and credits can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is expected to be realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax arising on actuarial gains and losses relating to defined benefit pension funds is recorded in other comprehensive income. Where the cash contributions made to the schemes exceed the service costs recognised in the income statement the current tax arising is recorded in other comprehensive income.

30.9 Leases

A lease arrangement under which substantially all the risks and rewards of ownership rest with the lessee are classified as finance leases and capitalised at the inception of the lease at the lower of the fair value of the related item or the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed to the income statement.

Capitalised leased assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. All other leases are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the lease term.

30.10 Pension plans

(a) Defined contribution schemes

Pre-determined contributions paid to a separate privately administered pension plan are recognised as an expense in the income statement in the period in which they arise. Other than this contribution the Group has no further legal or constructive obligation to make further contributions to the scheme.

(b) Defined benefit schemes

A defined benefit scheme is a pension plan under which the amount of pension benefit that an employee receives on retirement is defined by reference to factors including age, years of service and compensation. The schemes are funded by payments determined by periodic actuarial calculations agreed between the Group and the trustees of trustee-administered funds.

The cost of providing benefits is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (current service cost) and to current and prior periods (to determine the present value of the defined benefit obligation). Current service costs are recognised in the income statement in the current year. Past service costs are recognised in the income statement immediately. When a settlement (which eliminates all obligations for benefits already accrued) or a curtailment (which reduces future obligations as a result of a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and any gain or loss is recognised in the income statement.

The interest element of the defined benefit charge is determined by applying the discount rate to the net defined benefit liability at the start of the period and is recognised in the income statement. A liability is recognised in the balance sheet which represents the present value of the defined benefit obligations at the balance sheet date, less the fair value of the scheme assets and is calculated separately for each scheme.

The defined benefit obligations represent the estimated amount of future benefits that employees have earned in return for their services in current and prior periods, discounted at a rate representing the yield on a high quality corporate bond at the balance sheet date, denominated in the same currency as the obligations, and having the same terms to maturity as the related pension liability, applied to the estimated future cash outflows arising from these obligations. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available from any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement. Actuarial gains and losses on experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income.

30.11 Share based payments

Executive savings related share option schemes are operated under which options are granted to employees of the Group. An expense is recognised in the income statement with a corresponding credit to equity in respect of the fair value of employee services rendered in exchange options granted, which is determined by the fair value of the option at the date of grant. The amount is expensed over a specified period until the options can be exercised (the vesting period).

The fair value of an option is determined by the use of mathematical modelling techniques, including the Black-Scholes option pricing model and the Binomial model. Non-market vesting conditions (such as profitability and growth targets) are excluded from the fair value calculation but included in assumptions about the number of options that are expected to become exercisable.

An estimate is made of the number of options that are expected to become exercisable at each balance sheet date. Any adjustments to the original estimates are recognised in the income statement (and equity) over the remaining vesting period with any element of any adjustments relating to prior periods recognised in the current period. No expense is recognised for awards that do not ultimately vest except for awards where vesting is conditional upon a market condition (such as total shareholder return of the Group relative to an index). These are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

In addition to failure by the employee to exercise an option in accordance with the exercise period allowed by the scheme, an award made to an employee under a share option scheme is deemed to lapse when either the scheme is cancelled by the Company, or when an employee, who continues to qualify for membership of a scheme, ceases to pay contributions to that scheme. In these circumstances the full remaining unexpired cost of the award is expensed in the period in which the option lapses.

Where the exercise of options is satisfied by the issue of shares by the Company, the nominal value of any shares issued from the exercise of options is credited to share capital with the balance of the proceeds received, net of transaction costs, credited to share premium.

30.12 Short-term employee benefits

The Group recognises a liability and an expense for short-term employee benefits, including bonuses, only when contractually or constructively obliged.

30 Significant accounting policies continued

30.13 Share capital and reserves

Ordinary shares are classified as equity. Costs attributable to the issue of new shares are deducted from equity from the proceeds.

(a) Treasury shares

Shares issued by the Company which are held by the Company or its subsidiary entities (including the James Fisher Employee Share Trust (ESOT)), are designated as treasury shares. The cost of these shares is deducted from equity. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares. Consideration paid or received is recognised directly in equity.

(b) Employee Share Ownership Plan (ESOP)

Company shares are held in an ESOP. The finance costs and administration costs relating to the ESOP are charged to the income statement. Dividend income arising on own shares is excluded in arriving at profit before taxation and deducted from aggregate dividends paid.

The Group maintains the following reserves:

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of operations whose financial statements are denominated in foreign currencies as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

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.

30.14 Revenue recognition

Revenue, after excluding trade discounts and value added tax, represents the provision of goods and services by the Group in the normal course of business and is recognised when the significant risks and rewards of ownership have passed to the buyer. The transfer of risks and rewards is assumed to pass to the customer on delivery of the goods or completion of the provision of the relevant services. When the Group acts as a lessor, revenue is recognised in the income statement on a straight-line basis over the period of the hire.

(a) Construction contracts

(i) General

Where the outcome of a construction contract can be estimated reliably, revenue and costs relating to it are recognised in accordance with the stage of completion of the contract, in the period in which the work is performed. To assess a construction contract at the outset, total contract costs are established by using supplier quotes for third party costs, internal hours based on experience, the nature of the project and the time taken for similar projects in the past, to which current labour rates are applied. The stage of completion is assessed by reference to physical progress, attributable man hours and costs incurred measured against the expected outcome based on the most appropriate method for the specific type of contract. Construction contract costs are monitored on a monthly basis and total expected costs (incurred costs to date and expected costs to complete) are reviewed against the original cost budget. Progress made is reviewed to assess whether the long-term project is progressing in accordance with the planned level of completion on a regular basis. Any cost overruns resulting in an expected total cost in excess of original budget results in a reduced margin being accounted for on the revenue recognised to date. Revenue from the contract is under the percentage of completion method by reference to the assessed stage of completion of the contract. Pre-determined ratios or percentages are not used in the estimation process.

In determining whether the outcome of a construction contract can be assessed reliably, the Group considers the nature of each contract, the experience of the project manager with this type of contract, whether it is similar to contracts delivered in the past, the customer, the time period over which the contract runs and forms a view of the likely risk in estimating the project outcome.

Contract costs incurred that relate to future activity are deferred and recognised as inventory. When a loss is expected to be incurred on a construction contract it is recognised as an expense immediately in the income statement. When the outcome of a construction contract cannot be estimated reliably no profit is recognised. Revenue is recognised to the extent that it is probable that costs incurred will be recovered.

(ii) Bid costs

All bid costs incurred relating to contracts for the design, manufacture or operation of assets or the provision of services to third parties are expensed to the income statement as incurred, except for those costs incurred after the point at which the contract award is virtually certain. Directly attributable costs incurred subsequent to this point are included within contract costs and amortised over the life of the initial period of the contract to which they relate.

(b) Warranty costs

Provision is made for warranties offered with products where it is probable that an obligation to transfer economic benefits to the customer in future will arise. This provision is based on management's assessment of the previous history of claims and probability of future obligations arising on a product by product basis. Provisions for warranty costs included in the balance sheet at 31 December 2015 were £0.6m (31 December 2014: £1.8m).

30.15 Non-current assets held for sale

On classification as held for sale, non-current assets are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale are included in profit or loss, as are any gains and losses on subsequent re-measurement.

30.16 Intra Group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtness of other companies within the 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.

31 Significant accounting judgements and estimates

Financial and business risks

The Group's activities expose it to a variety of financial and business risks. Where possible the Group seeks to minimise these risks through its risk management policies.

Pensions

The Group primarily provides pensions to its employees through defined contribution schemes but also has defined benefit obligations. The valuation of these defined benefit schemes is subject to a high degree of volatility arising from their exposure to changes in bond yields and equity values, and sensitivity to changes in actuarial assumptions, such as to life expectancy. This makes it difficult to predict future potential liabilities with any certainty. Certain defined benefit obligations relate to industry-wide schemes which are funded by current and former employers to the shipping industry. The risk of corporate failure of any of the participants could lead to an increase in the Group's share of liability.

Impairment of goodwill and other assets

The Group tests annually whether goodwill has suffered any permanent impairment in accordance with the accounting policy in note 12. The Group reviews the carrying value of all assets for indications of impairment at each balance sheet date. If indicators of impairment exist the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. The recoverable amount represents the higher of the asset's fair value less costs to sell and its value in use, which is determined by measuring the discounted cash flows arising from the asset.

Contingent consideration

Contingent consideration arises on acquisitions and is usually related to the achievement of financial performance targets relating to profits over an agreed period. The outcome of these arrangements depends on a number of factors outside the control of the business including, but not limited to, competition, general economic conditions and the availability of resources within the business to meet its obligations to its customers. The Group regularly assesses the likelihood of the targets being achieved during the performance period and makes appropriate adjustments to the provision for contingent consideration through the income statement.

Revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of the transfer of risks and rewards will vary depending on the terms of the sales agreement, the evaluation of the specific risks associated with the performance of the contract (for example design, construction and testing) or generally accepted practice where there are no specific arrangements in the contract.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax risk issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group has entered the UK tonnage tax regime under which tax on its ship owning and operating activities is based on the net tonnage of vessels operated. Income and profits outside this regime are taxed under normal tax rules. This means that it is necessary to make estimates of the allocation of some income and expenses between tonnage and non tonnage tax activities. These estimates are subject to agreement with the relevant tax authorities and may be revised in future periods.

Group financial record

for the five years ended 31 December

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Revenue					
Marine Support	**192,978**	164,150	171,267	157,387	117,252
Offshore Oil	**62,956**	104,880	99,190	83,359	71,211
Specialist Technical	**129,443**	121,461	81,898	60,678	52,356
Tankships	**52,553**	54,308	61,312	61,824	66,805
	437,930	444,799	413,667	363,248	307,624
Underlying operating profit					
Marine Support	**19,352**	14,150	18,262	19,341	18,380
Offshore Oil	**7,399**	22,426	19,690	17,131	12,783
Specialist Technical	**13,907**	13,338	7,755	5,473	6,902
Tankships	**7,164**	4,711	3,989	2,405	1,145
Common costs	**(2,232)**	(3,088)	(3,059)	(3,201)	(3,077)
	45,590	51,537	46,637	41,149	36,133
Net finance costs	**(4,343)**	(4,684)	(5,289)	(6,160)	(6,128)
Underlying profit before taxation	**41,247**	46,853	41,348	34,989	30,005
Separately disclosed items	**4,967**	2,381	4,875	11,388	(254)
Profit before taxation	**46,214**	49,234	46,223	46,377	29,751
Taxation	**(5,507)**	(8,751)	(7,475)	(6,312)	(5,634)
Profit after taxation	**40,707**	40,483	38,748	40,065	24,117
Intangible assets	**156,455**	127,130	113,658	92,633	93,188
Property, plant and equipment	**127,594**	116,629	108,202	103,484	103,898
Investment in associates and joint ventures	**7,728**	10,625	10,845	13,761	13,904
Working capital	**68,082**	49,518	44,831	49,059	52,824
Contingent consideration	**(14,465)**	(9,086)	(12,082)	-	-
Pension obligations	**(26,956)**	(21,806)	(23,141)	(27,061)	(30,133)
Taxation	**(4,154)**	(6,486)	(4,228)	(4,838)	(3,209)
Capital employed	**314,284**	266,524	238,085	227,038	230,472
Net borrowings	**93,889**	62,334	54,278	63,122	98,793
Equity	**220,395**	204,190	183,807	163,916	131,679
	314,284	266,524	238,085	227,038	230,472

	pence	pence	pence	pence	pence
Earnings per share					
Basic	**79.7**	80.2	76.6	79.1	48.4
Diluted	**79.2**	79.2	75.7	78.5	48.0
Underlying basic	**69.0**	74.9	66.3	55.6	48.8
Underlying diluted	**68.5**	74.0	65.6	55.1	48.4
Dividends declared per share	**23.8**	22.0	20.0	17.7	16.1
Other key performance indicators					
Operating margin (%)	**10.4%**	11.6%	11.3%	11.3%	11.7%
Return on capital employed (post tax) (%)	**13.5%**	16.5%	16.9%	15.3%	13.0%
Net Gearing (%)	**43.0%**	30.7%	29.6%	38.6%	74.9%
Dividend cover (underlying earnings) (times)	**2.9**	3.4	3.3	3.1	3.0

Subsidiary undertakings

Name of company	Country of incorporation or registration	Group percentage of equity capital	Name of company	Country of incorporation or registration	Group percentage of equity capital
Marine Support					
Clariden Holdings SA	Liberia	100%	JCM Scotload Ltd	UK	100%
FCEA Ltd	BVI	80%**	Load Test Sdn Bhd	Malaysia	100%
FCN Limited	BVI	100%	Maritime Engineers (Asia Pacific) Pte Ltd	Singapore	100%
Fender Care (Changshu) Ltd	China	100%	Maritime Engineers Pty Ltd	Australia	100%
Fender Care Americas Inc	USA	100%	Mojo Maritime Limited	UK	100%
Fender Care do Brasil Comercio E Servicos Navais LTDA	Brazil	100%	Mojo Maritime SAS	France	100%
Fender Care Limited	UK	100%	Mojo Ocean Dynamics Limited	UK	100%
Fender Care Marine (Asia Pacific) Pte Ltd	Singapore	100%	Namibia Subtech Diving and Marine (Pty) Ltd	Namibia	100%
Fender Care Marine (Gibraltar) Limited	Gibraltar	100%	Osiris Marine Services Limited	UK	100%
Fender Care Marine Ltd	UK	100%	Osiris Underwater Engineering Services Limited	UK	100%
Fender Care Marine Products (Asia Pacific) Pte Ltd	Singapore	100%	Prolec Limited	UK	100%
Fender Care Marine Services Group Limited	UK	100%	Scotload Ltd	UK	100%
Fender Care Marine Sohar LLC	Oman	70%	Strainstall Engineering Services Limited	UK	100%
Fender Care Marine Solutions Limited	UK	100%	Strainstall Group Limited	UK	100%*
Fender Care Nigeria Limited	Nigeria	100%	Strainstall Malaysia Sdn Bhd	Malaysia	100%
Fender Care Norway AS	Norway	100%	Strainstall Middle East Limited	Cayman Islands	100%
Fendercare Australia Pty Ltd	Australia	100%	Strainstall Singapore Pte Ltd	Singapore	100%
Fendercare Marine Ghana Limited	Ghana	51%	Strainstall UK Limited	UK	100%
Fendercare Marine West Limited	Cayman Islands	100%	Subtech (Pty) Ltd	South Africa	100%
Fendercare Services Marinhos do Brasil LTDA	Brazil	100%	Subtech (Pty) Ltd – Mozambique branch	Mozambique	100%
Ground Handling Services Inc	USA	100%	Subtech Diving & Marine Tanzania Limited	Tanzania	100%
Imogen Marine Company	Marshall Islands	100%	Subtech Group Holdings (Pty) Ltd	South Africa	100%
Inastros Navigation Company	Marshall Islands	100%	Subtech Marine (Pty) Ltd	Namibia	70%
Integrated Mooring Solutions Limited	UK	100%	Subtech Norte Lda	Mozambique	100%
James Fisher Fender Care Limited	UK	100%*	Subtech Offshore (GB II) Mauritius	Mauritius	100%
James Fisher Marine Services Limited	UK	100%*	Subtech South Africa (Pty) Ltd	South Africa	100%
James Fisher MFE Limited	UK	100%	Testconsult Harlow Limited	UK	100%
James Fisher MIMIC Limited	UK	100%*	Testconsult Ireland Limited	Ireland	100%
James Fisher Servicos Empresariais Ltda	Brazil	100%	Testconsult Limited	UK	100%
James Fisher Subsea Limited	UK	100%	Vision Marine Ltd	Liberia	100%
Offshore Oil					
Buchan Technical Services Limited	UK	100%*	Pump Tools Limited	UK	100%
James Fisher Air Supply Norway Limited	UK	100%	RMSPumptools FZE	Dubai	100%
James Fisher and Sons (Seafloor Dynamex) Limited	UK	100%*	RMSPumptools Limited	UK	100%
James Fisher Eiendom AS	Norway	100%	Scan Tech AS	Norway	100%
James Fisher Marine Services Malaysia Ltd	Malaysia	100%	Scan Tech Produkt Personell AS (GMC)	Norway	100%
James Fisher Marine Services Middle East Limited FZCO	Dubai	100%	Scantech Offshore do Brasil Comercio E Servicos Ltda	Brazil	100%
James Fisher Norway AS	Norway	100%*	Scantech Offshore Limited	UK	100%*
James Fisher Offshore Limited	UK	100%*	Scantech Offshore Pty Ltd	Australia	100%
James Fisher Offshore Malaysia Sdn Bhd	Malaysia	100%	Scantech Offshore UK Limited	UK	100%
James Fisher Offshore PTE Ltd	Singapore	100%	ScanTech Personell AS	Norway	100%
James Fisher Subsea Excavation Incorporated	USA	100%	Solmead Limited	UK	70%
James Fisher Subsea Excavation Mexico SA de CV	Mexico	100%	Strata Oil Tools Limited	UK	100%
James Fisher Subsea Excavation Pte. Limited	Singapore	100%	Solvapli Limited	UK	51%
Monyana Engineering Services Limited	UK	100%			

Subsidiaries and associated undertakings continued

Name of company	Country of incorporation or registration	Group percentage of equity capital	Name of company	Country of incorporation or registration	Group percentage of equity capital
Specialist Technical					
Divex (Proprietary) Limited	South Africa	100%	James Fisher Defence Sweden AB	Sweden	100%
Divex Asia Pacific Pty Ltd	Australia	100%	James Fisher Inspection and Measurement Services Limited	UK	100%
Divex FZE	UAE	100%	James Fisher Nuclear Limited	UK	100%
Harsh Environment Systems Limited	UK	100%	James Fisher Rumic Limited	UK	100%*
Hatch Holdings Limited	UK	100%	James Fisher Singapore Pte Ltd	Singapore	100%
High Technology Sources Limited	UK	100%	James Fisher Technologies LLC	USA	51%
Hyperco Holdings Limited	UK	100%	JF Nuclear Limited	UK	100%
Inspection Holdings Limited	UK	100%	JFD Limited	UK	100%
Integrated Safety Management Limited	UK	100%	National Hyperbaric Centre PTE Ltd	Singapore	100%
James Fisher (Ro-Ro) Limited	UK	100%*	NDT (Inspection & Testing) Limited	UK	100%
James Fisher Australia Pty Ltd	Australia	100%	Raygen Limited	UK	100%
James Fisher Defence Italy SRL	Italy	100%	Remac Limited	UK	100%
James Fisher Defence Limited	UK	100%	The National Hyperbaric Centre Limited	UK	100%
James Fisher Defence North America Limited	USA	100%			
Tankships					
Cattedown Wharves Limited	UK	100%	James Fisher (Shipping Services) Limited	UK	100%*
Everard (Guernsey) Ltd	Guernsey	100%	James Fisher Everard Limited	UK	100%
F.T. Everard Shipping Limited	UK	100%	James Fisher Tankships Holdings Limited	UK	100%*
F.T.Everard & Sons Limited	UK	100%*	Onesimus Dorey Ltd	Guernsey	100%*
James Fisher (Crewing Services) Limited	UK	100%*	Scottish Navigation Company Limited	UK	100%
James Fisher (Guernsey) Limited	Guernsey	100%	James Fisher (New Zealand) Limited	New Zealand	100%*
Holding Companies					
James Fisher (Aberdeen) Limited	UK	100%*	JF Australia Holding Pty Ltd	Australia	100%
James Fisher Holdings UK Limited	UK	100%*	JF Nordvik Limited	Jersey	100%*
James Fisher Nuclear Holdings Limited	UK	100%*	JF Overseas Limited	UK	100%*
James Fisher Properties Limited	UK	100%*	JF (Southern Africa) Ltd	UK	100%*

Associated undertakings and significant holdings in undertakings other than subsidiary undertakings

Marine Support					
Active Load Limited	UK	20%	Fendercare Marine Omega India Private Limited	India	50%
Asteria Navigation Inc	Liberia	45%	James Fisher Angola Limitada	Angola	49%
Eurotestconsult Limited	Ireland	50%	James Fisher Angola UK Limited	UK	50%
Eurotestconsult UK Limited	UK	50%	Lome Offshore Services Inc	Marshall Islands	45%
Fender Care Benelux B.V.	Netherlands	50%	Offshore Lightering Services Ltd	Marshall Islands	45%
Fender Care Marine (Malaysia) SDN BHD	Malaysia	49%	Silvertide Navigation Inc	Liberia	45%
Fender Care Marine LLC	Fujariah	49%**	Strainstall Laboratories WLL	Qatar	49%**
Fender Care Marine Omega Middle East FZC	UAE	50%	Strainstall Middle East LLC	Dubai	49%**
Fender Care Marine Services LLC	Abu Dhabi	49%**	Strainstall Saudi Arabia Limited	Saudi Arabia	49%**
Fender Care Middle East LLC	Sharjah	49%**	Strainstall Testing Lab L.L.C	Abu Dhabi	49%**
Fender Care Viking SDN BHD	Malaysia	30%	Work Boat Services Inc	Marshall Islands	45%
Fendercare Marine Agency Pte.Ltd	Indonesia	50%			
Specialist Technical					
Divex Domeyer GmbH	Germany	50%	First Response Marine Pte Ltd	Singapore	50%

* held by the Parent Company (all other subsidiaries are held by an intermediate subsidiary)

** consolidated as subsidiary undertakings

Notice is hereby given that the Annual General Meeting (AGM) of James Fisher and Sons plc will be held at the Abbey House Hotel, Abbey Road, Barrow-in-Furness, LA13 0PA on Thursday 28 April 2016 at 11.00am to consider and, if thought fit, to pass Resolutions 1 to 13 inclusive as ordinary resolutions and Resolutions 14 to 16 as special resolutions.

Ordinary Business

Resolution 1

To receive the Annual Accounts and the reports of the Directors' and the auditor thereon for the year ended 31 December 2015.

Resolution 2

To approve the Annual statement by the chairman of the Remuneration Committee and the Annual report on remuneration for the year ended 31 December 2015 as set out on page 33 and on pages 39 to 45 (inclusive) in the Annual Report and Accounts.

Resolution 3

To declare a final dividend for the year ended 31 December 2015 of 16.0p per ordinary share.

Resolution 4

To re-elect Mr C J Rice as a Director of the Company.

Resolution 5

To re-elect Mr N P Henry as a Director of the Company.

Resolution 6

To re-elect Mr S C Kilpatrick as a Director of the Company.

Resolution 7

To re-elect Mr M S Paul as a Director of the Company.

Resolution 8

To re-elect Ms A I Comiskey as a Director of the Company.

Resolution 9

To re-elect Mr D G Moorhouse as a Director of the Company.

Resolution 10

To re-elect Mr M J L Salter as a Director of the Company.

Resolution 11

To re-appoint KPMG LLP as auditor of the Company to hold office until the conclusion of the next AGM of the Company.

Resolution 12

To authorise the Audit Committee to determine the auditor's remuneration.

Special Business

Resolution 13

That the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the Act) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, and convert any security into, shares in the Company (Rights) up to an aggregate nominal amount of £4,180,344 provided that this authority shall expire on the date of the next AGM of the Company or, if earlier, on 30 June 2017, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and, that all authorities previously granted to the Directors to allot shares and grant Rights that remain unexercised at the commencement of this meeting be and are hereby revoked.

Resolution 14

Special Resolution

That subject to the passing of Resolution 13, the Directors be and are hereby given power to allot equity securities (as defined in section 560 of the Act) of the Company for cash either pursuant to the authority conferred by Resolution 13 and/or where the allotment is treated as an allotment of equity securities under section 560(2)(b) of the Act, in either case as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer of securities in favour of the holders of ordinary shares on the register of members at such record date as the Directors may determine and other persons entitled to participate therein where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record date, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal amount of £627,052;

and shall expire upon the expiry of the general authority conferred by Resolution 13 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

Resolution 15

Special Resolution

The Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange of up to a maximum aggregate of 2,508,207 ordinary shares of 25p each in the capital of the Company at a price per share (exclusive of expenses) of not less than 25p and not more than 105% of the average of the middle market quotations for such ordinary share as derived from the London Stock Exchange Official List, for the five business days immediately preceding the day of purchase; unless previously renewed, revoked or varied, such authority will expire at the close of the next AGM of the Company, or, if earlier, on 30 June 2017 save that the Company may purchase ordinary shares at any later date where such purchase is pursuant to any contract or contracts made by the Company before the expiry of this authority.

Resolution 16

Special Resolution

That any general meeting (other than an AGM) may be called by not less than 14 days' clear notice.

By order of the Board

Michael Hoggan
Company Secretary

1 March 2016

Registered office:
Fisher House, PO Box 4, Barrow-in-Furness,
Cumbria, LA14 1HR

Registered in England number: 211475

Notes

1. Any member who has not elected to receive the Annual Report and Accounts for 2015 may obtain copies by writing to the Company Secretary, Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR. Members who wish to receive the printed Annual Report and Accounts, free of charge, in future years should write to the Company's Registrars, FREEPOST CAPITA SAS. Please note that delivery using this service can take up to 5 business days.
2. Any member entitled to vote at the above meeting may appoint one or more proxies to attend, speak and vote on a show of hands or on a poll, instead of him. A proxy need not be a member of the Company but must attend the meeting in order to represent a member. A proxy could be the Chairman, another Director of the Company or (if you wish the proxy to speak on your behalf) another person who has agreed to attend and represent a member. Details of how to appoint the Chairman or another person as a proxy using the proxy form are set out in the notes to the proxy form. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. Completion of the proxy form will not preclude a member from attending and voting in person, in which case that member's proxy appointment will automatically be terminated. Proxy forms, duly executed (including any authority under which it is executed or a copy of the authority certified notarially), should be returned to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Alternatively you may submit your proxy form online by accessing the shareholder portal at www.capitashareportal.com, logging in and selecting the "proxy voting" link. If you have not previously registered for electronic communications, you will first be asked to register as a new user, for which you will require your investor code (which can be found on your proxy card, share certificate or dividend tax voucher), family name and post code (if resident in the UK). In each case your proxy instruction must be received no later than 11.00am on 26 April 2016. If you are a CREST member, see note 4 below. The deadline for receipt of proxy appointments also applies in relation to amended instructions, and any attempt to amend a proxy appointment after the relevant deadline will be disregarded. Where two or more valid proxy appointments are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.
3. The right to appoint a proxy cannot be exercised by persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (Nominated Person): they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
4. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number – RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. Voting by corporate representatives. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the general meeting. Please contact our Registrar if you need any further guidance on this.
6. Copies of the Directors' service contracts, the letters of appointment of the Non-Executive Directors, together with a copy of the Company's Articles of Association will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) until the close of the AGM and are available for inspection at the place of the AGM from 10.30am on the date of the meeting until the close of the meeting.

7. Audit statements. Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.
8. Members' questions. The Company must cause to be answered at the meeting any question relating to the business being dealt with at the meeting which is put by a member attending the meeting, except where: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
9. A copy of this notice, and other information required by section 311A of the Act, can be found at www.james-fisher.com. A member may not use any electronic address provided by the Company in this document or with any proxy appointment form or in any website for communication with the Company for any purpose in relation to the meeting other than as expressly stated in it.
10. Only persons entered on the register of members of the Company at 6.00pm on 26 April 2016 (or, if the meeting is adjourned, at 6.00pm on the date which is two days prior to the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.
11. As at 1 March 2016 (being the latest practical date before the publication of this Notice), the Company's issued share capital consists of 50,164,133 ordinary shares, carrying one vote each, and 100,000 preference shares carrying one vote each. Therefore the total voting rights in the Company are 50,264,133. There are no shares in treasury.
12. As soon as practicable following the AGM, the results of the voting at the meeting and the number of votes cast for and against and the number of votes withheld in respect of each resolution will be announced via a Regulatory Information Service and also placed on the Company's website at www.james-fisher.com.

Ordinary Business Explanatory Notes

Resolution 1 – Annual Report

The Companies Act 2006 requires the Directors of a public company to lay its Annual Report before the Company in general meeting, giving shareholders the opportunity to ask questions on the contents. The Annual Report comprises the accounts, the auditor's report, the Directors' report, the Directors' remuneration report and the Strategic report. The Company proposes, as an ordinary resolution, a resolution on its Annual Report in accordance with the UK Corporate Governance Code (Code).

Resolution 2 – Approval of the Annual statement by the chairman of the Remuneration Committee and the Annual report on remuneration

The Company proposes an ordinary resolution to approve the Annual Statement by the chairman of the Remuneration Committee and the Annual report on remuneration for the financial year ended 31 December 2015. The Annual statement and the Annual report on remuneration are set out on page 33 and on pages 39 to 45 of the Annual Report. The vote on this resolution is advisory only and the Directors' entitlement to remuneration is not conditional on its being passed. The Company's auditor, KPMG LLP, has audited those parts of the Directors' remuneration report that are required to be audited.

In accordance with section 439A of the Companies Act 2006 (CA 2006), a separate resolution on the remuneration policy (Policy) part of the Directors' remuneration report must be approved by shareholders at least every three years, unless during that time it is to be changed. The current Policy was approved by shareholders at the 2015 AGM and the Directors do not propose any changes to the Policy this year. The Policy is therefore not required to be approved at this year's AGM.

Resolution 3 – Declaration of final dividend

A final dividend can only be paid after it has been approved by the shareholders in general meeting and may not exceed the amount recommended by the Board. The Directors recommend a final dividend of 16.0p per ordinary share in respect of the financial year ended 31 December 2015. If the meeting approves Resolution 3, the final dividend will be paid on 6 May 2016 to ordinary shareholders who are on the register at the close of business on 8 April 2016. It is proposed to pay the dividend.

Resolutions 4 to 10 – Re-election and election of Directors

The Company's Articles of Association require that one third of the Directors will retire each year and that each Director must stand for re-election at least every three years. However, in accordance with the provision of the Code all Directors will retire from office and offer themselves for re-election at the AGM.

Following performance reviews the Chairman and the Board believe that each of the Directors standing for re-election continue to perform effectively and with commitment to their role including commitment of time for Board and Committee meetings and other duties. The Board also considers that each of the Non-Executive Directors is independent in character and judgement. Each of Resolutions 4 to 10 shall be proposed as ordinary resolutions. Biographical details of each of our Directors appear on page 24 of the Annual Report.

Resolutions 11 and 12 – Re-appointment of auditor/auditor's remuneration

The Company is required to appoint an auditor at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. These resolutions propose the re-appointment of KPMG LLP as the Company's auditor to hold office from the conclusion of the AGM until the conclusion of the next general meeting at which accounts are laid before the Company, and authorises the Audit Committee to agree the auditor's remuneration.

Special Business Explanatory Notes

Resolution 13 – Authority to allot shares

Authority is given to the Directors to allot shares in the Company and to grant rights to subscribe for, and convert any security into shares in the Company up to a total nominal amount of £4,180,344 (16,721,376 ordinary shares) representing approximately 33% of the nominal value of the Company's total issued ordinary share capital as at 1 March 2016 being the latest practical date before publication of this Notice. The authority will expire at the conclusion of the AGM to be held in 2017, or, if earlier, on 30 June 2017 and replaces an authority granted on 30 April 2015 which expires at the conclusion of the forthcoming AGM.

The Directors have no present intention to exercise this authority.

At 1 March 2016 the Company does not hold any treasury shares.

Resolution 14 – Permission to allot a limited number of shares other than to existing shareholders

This resolution which will be proposed as a special resolution, seeks to renew the authority conferred on the Directors at last year's AGM to issue equity securities of the Company for cash without first offering them to existing shareholders in proportion to their existing shareholdings. Other than in connection with a rights or other similar issue or scrip dividend (where difficulties arise in offering shares to certain overseas shareholders and in relation to fractional entitlements) the authority contained in this resolution will be limited to an aggregate nominal value of £627,052 (representing 2,508,207 ordinary shares) which represents approximately 5% of the Company's issued equity share capital as at 1 March 2016, being the latest practicable date prior to the publication of this notice. The renewed authority will remain in force until the AGM to be held in 2017, or on 30 June 2017, whichever is the earlier and replaces the authority granted on 30 April 2015 which expires at the conclusion of the forthcoming AGM. It is a standard resolution for most UK listed companies each year.

In line with best practice, the Company has not issued more than 7.5% of its issued share capital on a non-pro rata basis over the last three years and the Directors confirm their intention to follow the best practice set out in the Pre-Emption Group's Statement of Principles which provides that companies should not issues shares for cash representing more than 7.5% of the Company's issued share capital in any rolling three-year period, other than to existing shareholders, without prior consultation with shareholders.

The Directors have no present intention to exercise this authority.

Resolution 15 – Authority to purchase own shares

This special resolution, gives the Company authority to purchase in the market up to 2,508,207 of its ordinary shares of 25p each (representing approximately 5% of the Company's total issued ordinary share capital). The minimum and maximum prices at which such shares can be purchased is as stated in the resolution. The authority will expire at the conclusion of the AGM to be held in 2017, or on 30 June 2017, whichever is earlier, and replaces a similar authority granted on 30 April 2015 which expires at the conclusion of the forthcoming AGM.

If any ordinary shares purchased pursuant to this authority are not held by the Company as treasury shares then such shares would be immediately cancelled in which event the number of ordinary shares in issue would be reduced. As at 1 March 2016, being the latest practical date before publication of this Notice, there were options over ordinary shares in the capital of the Company representing 2.21% of the Company's total issued share capital. If the authority to purchase the Company's ordinary shares was exercised in full and those shares were subsequently cancelled, these options would represent 2.32% of the Company's total issued share capital. The Directors have no present intention to exercise this authority and in reaching their decision to purchase ordinary shares will take into account, amongst other things, the Company's cash resources and capital requirements, the effect of any purchase on earnings per share and whether it is in the best interests of shareholders generally.

Resolution 16 – Authority to hold general meetings (other than an AGM) on 14 clear days' notice.

This special resolution renews an authority given at last year's AGM and is required as a result of section 307A of the 2006 Act. The Company is currently able to call general meetings (other than an AGM) on 14 clear days' notice. In order to be able to preserve this ability, shareholders must have approved the calling of meetings on 14 days' notice. Resolution 16, which is proposed as a special resolution, seeks such approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Recommendation

The Directors consider that the proposed resolutions set out in the Notice of AGM are in the best interests of the Company and its shareholders as a whole and they unanimously recommend that you vote in favour of them, as the Directors intend to do in respect of their own holdings of shares in the Company.

Registered Office and Advisers

Company Secretary and registered office

M J Hoggan
James Fisher and Sons plc
Fisher House, PO Box 4
Barrow-in-Furness
Cumbria LA14 1HR

Registered no. 211475

Registrar
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Auditor
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Barclays Commercial Bank
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N+1 Singer
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75-85 Grey Street
Newcastle-upon-Tyne
NE1 6EF

Financial Calendar

7 April 2016
Ex dividend date for 2015 final dividend

8 April 2016
Record date

28 April 2016
Annual General Meeting

6 May 2016
Payment of 2015 final dividend

August 2016
Announcement of 2016 interim results

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